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# Border Barometer

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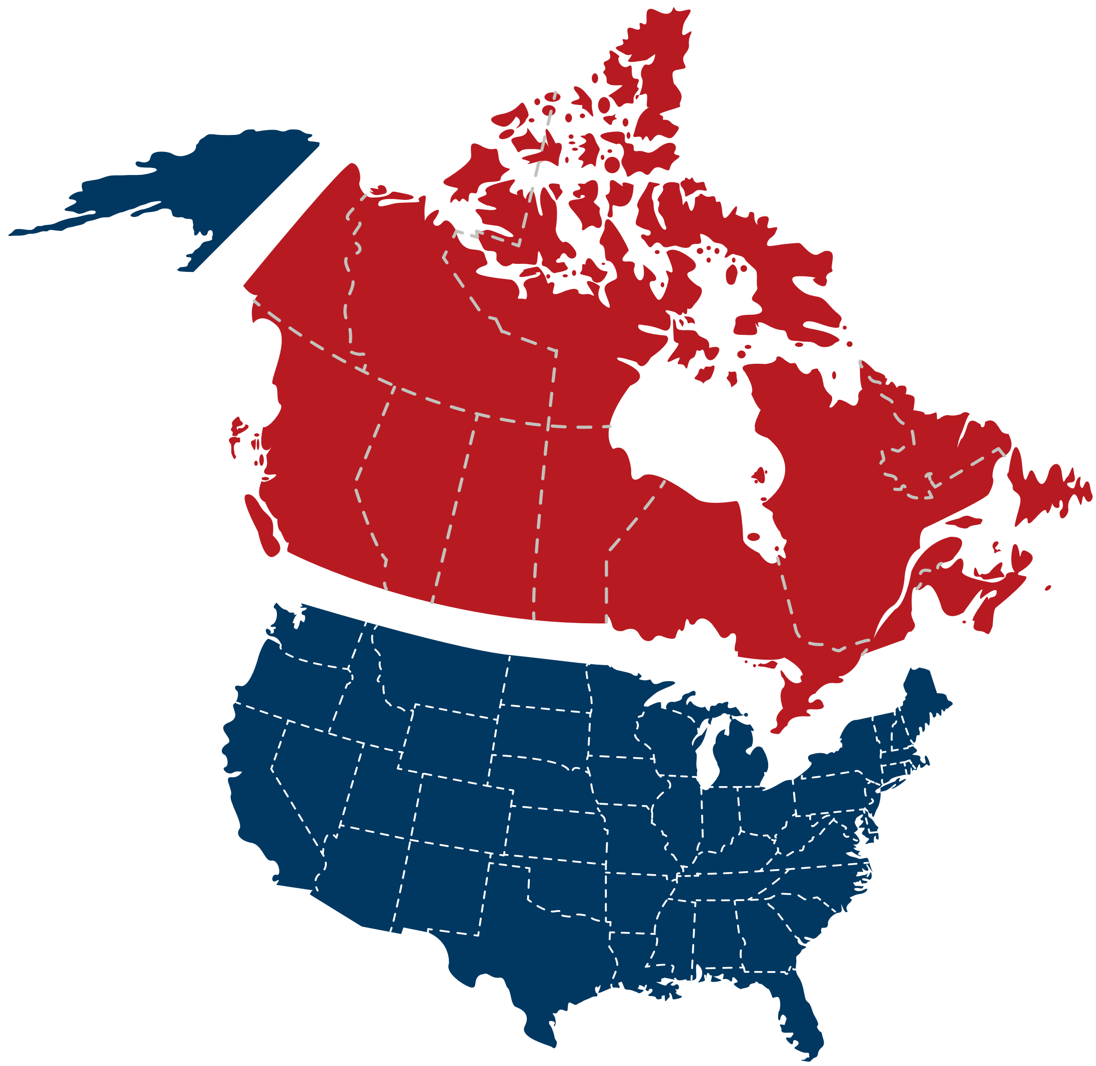
# BORDER BAROMETER



Throughout North America, businesses are positioned to serve cross-border markets, integrated supply chains are constructed around comparative advantages driven by national differences, and people have built the most intimate parts of their lives with family, friends, and loved ones across borders. How have the COVID-19 border restrictions enacted bilaterally by the US and Canada impacted these linkages in different cross-border regions?

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Spanning over 5,500 miles/8,800 km, the Canada–US border is the longest international border in the world and it plays an important role, both directly and indirectly, in the lives of millions of North Americans. The Border Barometer is an ongoing attempt to highlight the influence of the border on a wide range of economic and social interactions. This edition focuses on the impacts (primarily in the US) of the COVID-19 border restrictions enacted by the US and Canada in 2020 for land and marine crossings. It is a collaboration among researchers in eight cross-border regions in which they live and work, and is supported by six Canadian Consulates.

Cross-border flows of goods, trucks, and people typically move in a predictable pattern. **In 2020, these flows were impacted in ways never before experienced.** The overall health of border states' economies, as measured by their GDP, was also rattled.

- From April to December, the US had 94% fewer travelers at the land border compared to 2019. Over 60% of cross-border travelers are Canadian, and the lack of visitors is felt acutely in US communities.
- In 2019, Canada–US merchandise trade was the second highest bilateral trade relationship on earth. The decline in 2020 partly reflects facility closures and other economic disruptions in the pandemic's early months, with cross-border truck traffic returning to pre-pandemic levels by the end of 2020 in most regions.
- GDP in all border states dipped in the second quarter of 2020, followed by some recovery in the third quarter. Washington and Idaho were the only states whose GDP was higher in the fourth quarter of 2020 than in the fourth quarter of 2019.

**The impacts of the border restrictions vary considerably,** because cross-border regions are connected in different ways, with some more dependent on Canadians for tourism or retail spending, and others more reliant on labor mobility. The flow of goods and trade relationships also vary between regions. However, Canada features prominently in the trade portfolio of all northern border states.

- Bilateral trade with Canada ranges from a low of 16% of New York's trade, to a high of 79% of North Dakota's.
- During the restrictions, cross-border travel declined by over 90% in all regions.
- The cross-border influence on the social fabric of each region varies greatly. The Eastern NY-Vermont-Montréal region is shaped by a Francophone heritage, while Cascadia is increasingly connected by businesses straddling the border, with locations in both Vancouver and Seattle.

The report also explores the **hardships faced by geographically isolated communities as well as families and loved ones** who depend on the border for fundamental economic and emotional needs.

- The communities of Campobello Island, New Brunswick; Northwest Angle, Minnesota; Pt. Roberts, Washington; and Hyder, Alaska have suffered unique adverse impacts from the border restrictions.
- While some loved ones were able to reunite by traveling via air, people separated by the border restrictions have reported suffering declines in their mental health.
- The delineation between 'essential' and 'non-essential' was inconsistent and problematic for some travelers.

Executive Summary

Finally, **this Barometer takes stock of how different regions are collaborating with counterparts across the border,** particularly during the border restrictions when face-to-face interactions were not possible.

- The Canada–US relationship has long been defined by subnational organizations and networks that include local, regional, state, and provincial stakeholders from the public, private, nonprofit, and academic sectors.
- The strength of organizations and networks varies, with the most robust and successful in the Cascadia region.
- Structured and intentional working relationships across the border can support resiliency and faster recovery.

This Border Barometer brings heightened attention to the importance of the border and the regional relationships and local communities that rely on it for so many fundamental facets of life. Recovering from the COVID-19 pandemic may be harder for these regions which have experienced a double impact due to their reliance on a border that has been heavily restricted for a year and counting. **During this time of crisis, understanding the importance and influence of the border is critical for the US and Canada to be able to 'build back better' together.**

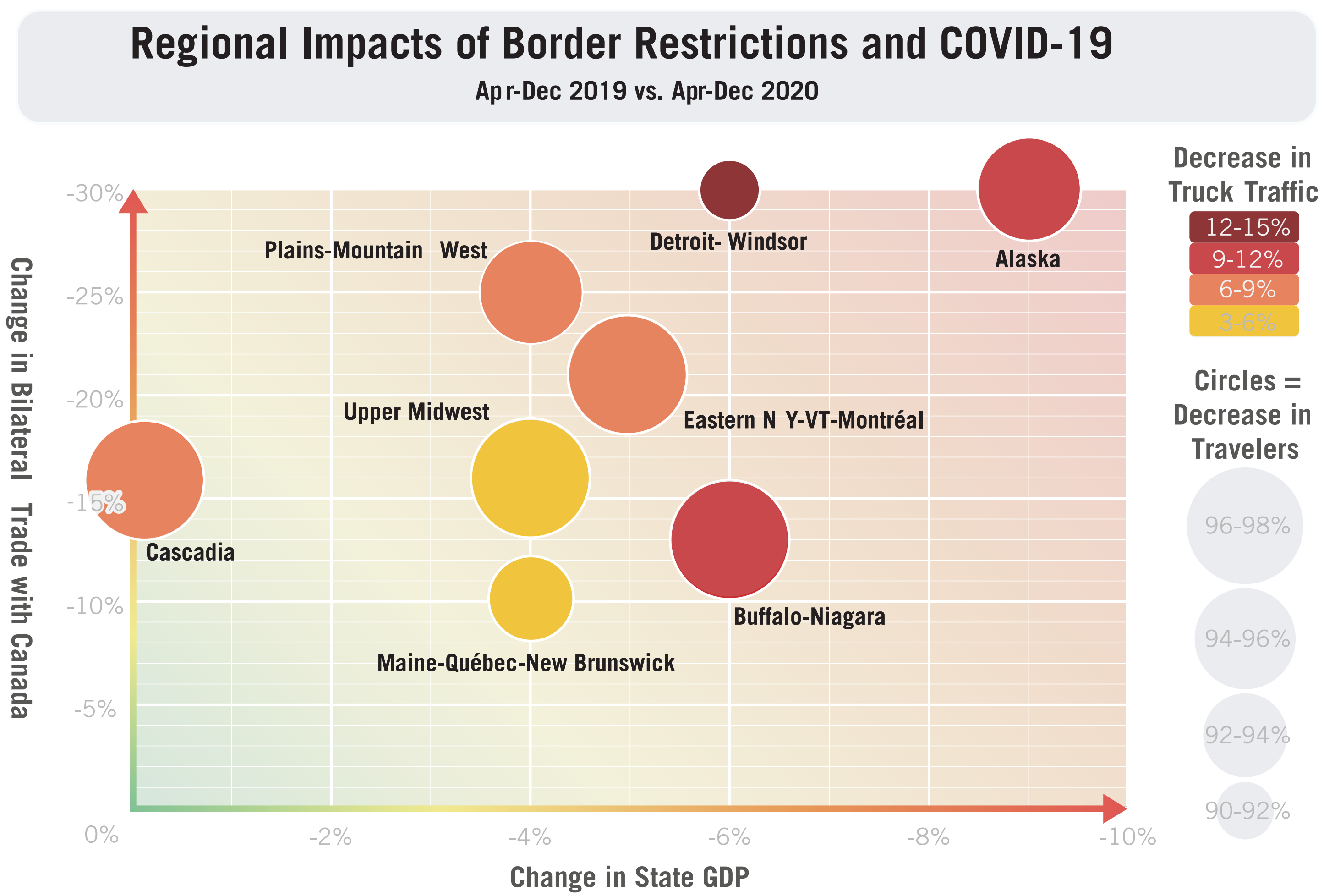
[1] *All measured as percentage change from April to December 2020 vis-a-vis 2019.*

## Regional Impact Index

This Index summarizes four variables measured during the restrictions: cross-border travelers, truck traffic, bilateral trade with Canada, and state GDP. The Index shows that every region was impacted to some degree, yet some more than others, and in different ways. (Note: While state GDP is not directly related to the border restrictions, it is an important indicator of economic health and, because trade with Canada plays a role in all northern border state's GDP, this measure is included in our analysis.)

**Regions toward the upper right portion of the graph saw larger decreases in trade and state GDP, while regions with bigger circles or darker colors had greater decreases in cross-border flows.** With the exception of cross-border travelers, these impacts were largely acute. By the end of 2020, truck traffic, bilateral trade with Canada, and state GDP recovered in many regions.

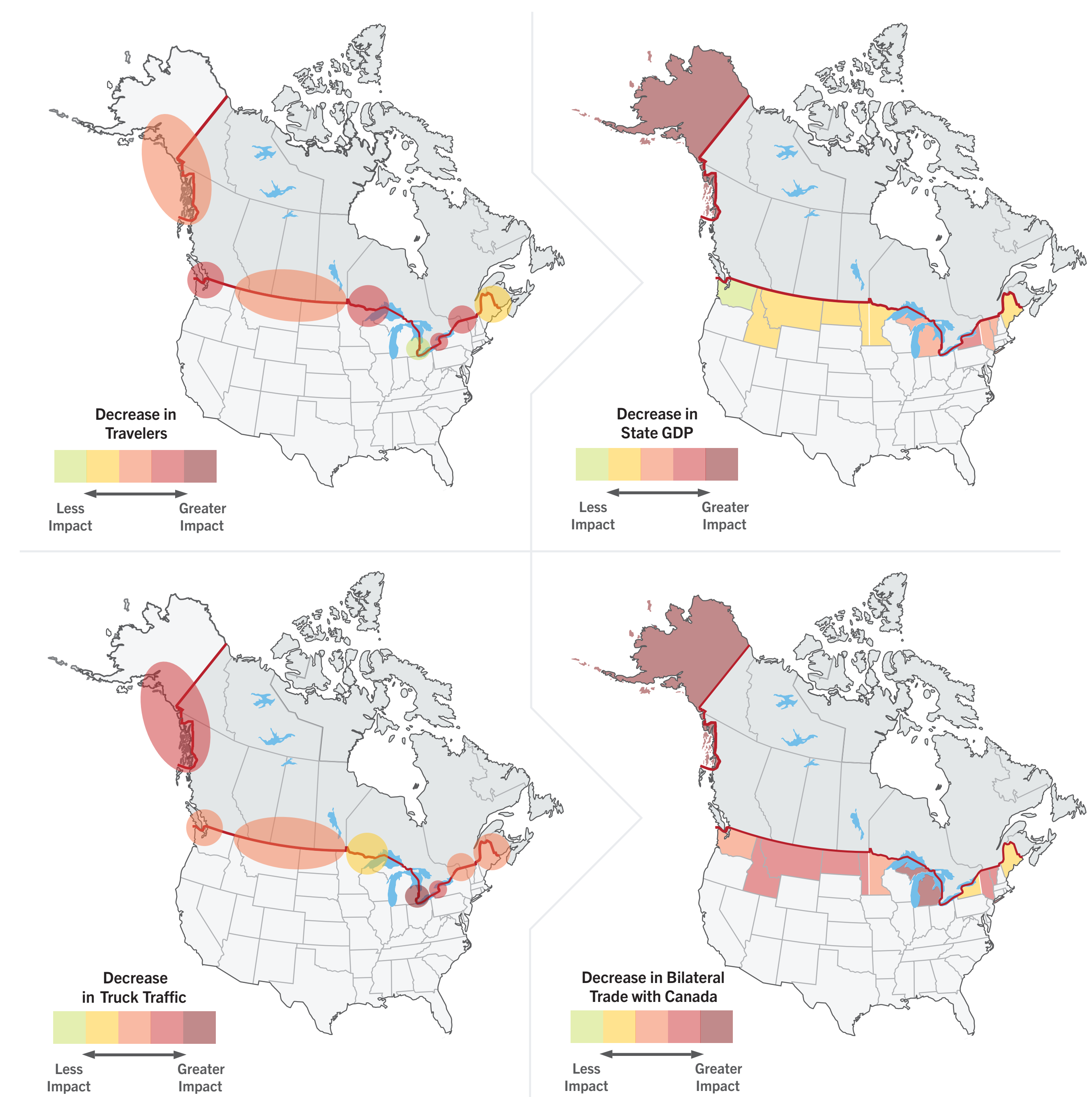
The percentage changes below indicate relative impacts, rather than absolute numbers. For example, the number of trucks entering Alaska from Canada is relatively small, and a 10% drop in truck traffic amounts to only 830 fewer trucks. The Detroit-Windsor region, by comparison, saw a 13% drop in truck traffic, but that equaled 238,000 fewer trucks. The same is true for bilateral trade. While both Alaska and Michigan had 30% declines in bilateral trade with Canada, the monetary loss was $337 million (USD) for Alaska and over $15.2 billion (USD) for Michigan.




Executive Summary

## Regional Heat Maps

The four heat maps below provide an additional comparative snapshot of how each region fared during the restrictions, illustrating changes in the same variables displayed in the impact index: cross-border travelers, truck traffic, bilateral trade value with Canada, and state GDP. Flows of trucks and travelers are displayed by aggregated regional ports-of-entry, while bilateral trade and GDP are displayed at the state scale.



# INTRODUCTION

## Introduction

The border is the defining feature undergirding the relationship between Canada and the US. It is quite literally the tie that binds us—economically, socially, and geographically. The often cited statistic that "every day, nearly 400,000 people cross the Canada–US land border, along with over $2 billion in goods and services" is a testament to the fluidity of the border. However, like many other aspects of life since the arrival of the COVID-19 pandemic, 'normal' border operations have shifted drastically. In 2020, the number of people crossing the land border declined by 81% and bilateral trade value between the US and Canada dropped by 14%. The bilateral border restrictions implemented by Canada and the US to restrict travel at land and marine crossings while maintaining the flow of goods worked (see Border Restrictions section). With a focus on keeping trucks moving while reducing 'non-essential' crossings, these policies were designed to ensure the continued functioning of cross-border trade and supply chains while maximizing public health safety. The restrictions have been hailed by many as pragmatic and sensible ways to limit the spread of the COVID-19 virus.

At the same time, the impacts of the restrictions on businesses and people in regions along the border have been profound, with some communities experiencing greater impacts than others. This edition of the Border Barometer seeks to provide policymakers, researchers, and other interested parties with a better understanding of the nature of cross-border connections between Canada and the US at the subnational level and the impacts of the COVID-19 virus and associated border restrictions on cross-border communities primarily on the US side of the border. **This edition expands the scope of analysis to include eight regions along the northern border, from Alaska to Maine. Collectively, these regions comprise 87% of people and 93% of trucks entering the US by land.**

These regions are as diverse as their names suggest. Some (Buffalo-Niagara and Detroit-Windsor) have the strongest connections at the metropolitan scale. Others are analyzed at the state scale on either an individual (Alaska, Maine, Eastern New York-Vermont) or aggregated (Upper Midwest, Plains-Mountain West) basis. And still others (Cascadia) have strong linkages at both the metropolitan and state scales. These eight regions also display a remarkable breadth and depth of diversity in terms of the economic and social connections that bind these cross-border communities together. In all of these regions, the border influences different facets of life, including daily interactions, business relationships, and collaborative endeavors across public and private sectors, albeit to varying degrees. Understanding how these regions work together across the border highlights how resilient, collaborative, and innovative cross-border regions can be.

This Border Barometer Report was made possible by funding from the Government of Canada through the Consulates General of Canada in Seattle, Denver, Minneapolis, Detroit, New York, and Boston. The opinions, findings, conclusions, or recommendations expressed in this publication are those of the researchers and do not necessarily reflect the official views of the Government of Canada. There is no responsibility held for the accuracy, currency, or reliability of this information. All work in the report was completed independently by the researchers. Those wishing to rely upon this information should consult directly with the source of the information.

The COVID-19 crisis has resulted in unprecedented restrictions at the Canada–US border. These restrictions are consistent with global trends by many countries to prevent the spread of the virus by limiting the entry of foreign visitors. While the restrictions invoke separate legislation in each country (such as the Quarantine Act in Canada), the general structure of restrictions was determined cooperatively under an agreement between the federal governments of the US and Canada that went into effect on March 21, 2020. The goal of the agreement was to prevent cross-border transmission of the coronavirus by limiting border crossings of a discretionary nature, while at the same time allowing the movement of essential workers in sectors such as health care and allowing goods to flow in cross-border supply chains. In practice, this means restricting cross-border travel for purposes such as recreation, tourism, and shopping, allowing continued travel for cross-border commuters in those sectors deemed essential, and allowing the relatively unimpaired movement of truck and rail freight, which naturally includes the cross-border movement of drivers and crew.

The original agreement was in force for one month, but as the pandemic has progressed it was necessary to repeatedly extend the agreement by an additional month, up to April 21, 2021 at the time of this writing. The agreement leaves a great deal up to the two national governments, including discretion over what workers are considered essential, exemptions for family reunification and other compassionate reasons, and specific requirements for quarantine and testing.

As the timeline indicates, Canada has been more active in setting and adjusting policies, especially in the imposition of 14-day isolation for people crossing the border. All Canadian residents, permanent residents, and those who are registered as an Indian under the Indian Act may enter Canada from the US, but only some are allowed to return without the 14-day isolation, including those who are classified as essential. US residents, or other foreign nationals who are not classified as essential workers generally may enter only in limited circumstances (such as family reunification) and must isolate upon arrival. Exemptions are made for a few specific transborder communities.

The second wave of infections and the growing concern about the international spread of virus variants led to new actions by both governments. In January 2021, both Canada and the US added requirements that all passengers arriving from abroad via the air mode must present negative results of a recent COVID-19 test. Canada then tightened restrictions in the air mode, temporarily suspending flights from Mexico and the Caribbean, limiting international arrivals to four major airports, and requiring passengers to take a test upon arrival and then isolate in an approved hotel until a negative result is returned. In February 2021, Canada extended testing requirements to people entering at the land border for the first time.

**Opposite Page**

The border restrictions at the Canada–US border were extended approximately every 30 days with no change in policy unless otherwise stated in the table. The mandatory 14-day isolation order was extended every 1-3 months (depending on the expiration of previous orders), with no change in policy unless otherwise stated.

*Sources: Government of Canada announcements; Orders in Council; the Prime Minister's Office; US Department of State.*





| | |
|---|---|
| Mar 18, 2020 | President Trump and Prime Minister Trudeau speak and informally announce temporary border restrictions at the Canada–US border. |
| Mar 20, 2020 | Trump and Trudeau formally announce a temporary restriction of land travelers crossing the Canada–US border for non-essential purposes, to be implemented March 21. |
| Mar 21, 2020 | Border restrictions at the Canada–US border are implemented until April 21. |
| Mar 24, 2020 | Trudeau speaks with First Ministers about using the federal Emergencies Act as a last resort for public safety. |
| Mar 24, 2020 | The Public Health Agency of Canada (PHAC) announces a mandatory 14-day isolation of all non-essential personnel entering Canada (with some exemptions), effective March 25 to June 30. |
| Apr 5, 2020 | Transport Canada (TC) announces that effective April 6, all commercial marine vessels with a capacity of more than 12 passengers are prohibited from engaging in non-essential activities, such as tourism or recreation until October 31 (plus additional restrictions). |
| Apr 14, 2020 | PHAC updates the 14-day isolation order to include more exemptions (i.e. for transborder communities, people involved in off-shore fishing, etc.) and to clarify that the 14-day period restarts if the person develops COVID-19 (or its symptoms) or has an interaction with someone who has COVID-19 (or its symptoms). |
| Apr 14, 2020 | The Canadian Border Services Agency (CBSA) reduces service hours at a total of 27 Canadian land border locations, starting April 15 and ending when the border restrictions with the US are lifted. |
| May 12, 2020 | CBSA temporarily suspends service at certain small vessel reporting sites, small airports, ferry terminals and to the Remote Area Border Crossing program until further notice. |
| May 14, 2020 | TC prohibits pleasure craft (including cruise ships) from operating within its coastal and Great Lakes waters, effective June 1 until October 31 (with exemptions for essential transportation or subsistence fishing, harvesting and hunting). |
| Jun 8, 2020 | PHAC updates exemptions from border restrictions to include "immediate family member[s] of a Canadian citizen/permanent resident if the foreign national intends to enter Canada to be with their immediate family member...and can demonstrate the intent to stay in Canada for a period of at least 15 days." |
| Jul 3, 2020 | CBSA reduces hours of operation at 12 more land ports, 8 more air ports, defers the seasonal opening of 1 marine port, and defers the shift to seasonal hours of operation at 1 land port until further notice. |
| Jul 23, 2020 | CBSA reduces hours of operation at three more land ports until further notice. |
| Jul 30, 2020 | CBSA imposes stricter rules and additional entry conditions on travelers transiting through Canada to Alaska for a non-discretionary purpose, including the requirement that they always display a 'hang tag' denoting when they must leave Canada and that they pass through one of five specified land POEs. Effective July 31. |
| Oct 7, 2020 | PHAC updates exemptions from Canada–US border restrictions to include extended family members of a Canadian citizen/ permanent resident, international students, and compassionate grounds and updates exemptions of the 14-day isolation order to include compassionate grounds. |
| Oct 29, 2020 | TC extends restrictions pertaining to cruise ships and pleasure craft until February 28, 2021. |
| Oct 30, 2020 | PHAC updates exemptions of Canada–US border restrictions with more details on compassionate grounds, effective until November 21, and updates exemptions of the 14-day isolation order to include 10 more exemptions (most related to parental custody, students, and guardians of students) and numerous provisions surrounding quarantine plans and daily reporting. (The transborder communities in Hyder, Alaska, Stewart, BC, Northwest Angle, Minnesota, and Campobello Island, NB, are also exempt.) The isolation order is extended to November 30. |
| Nov 29, 2020 | PHAC re-implements the 14-day isolation order (with one added exemption for high-performance athletes), which extends until January 21) and updates exemptions of Canada–US border restrictions to include details about international students from the US and add high-performance athletes. |
| Jan 6, 2021 | PHAC updates the 14-day isolation order with an added provision that travelers by air must submit a negative COVID-19 molecular test that is no more than 72 hours old. This includes PCR and RT-LAMP tests, and is required for those aged five and up. (There are exemptions to this order, and other details.) |
| Jan 12, 2021 | The US Center for Disease Control (CDC) requires all air passengers two years of age and over entering the US to present a negative COVID-19 test (rapid antigen or PCR), taken within three (3) calendar days of departure, or proof of recovery from the virus within the last 90 days. Effective January 26. |
| Jan 20, 2021 | PHAC updates the 14-day isolation order with added details about the COVID-19 molecular testing requirement for air travel, including guidelines for persons subject to the Aeronautics Act, and next steps after receiving test results. The quarantine order extends until February 21. |
| Jan 29, 2021 | The Government of Canada announces: (1) the suspension of all flights to and from Mexico and Caribbean countries until April 30, 2021, effective Jan. 29, (2) all inbound passenger flights must land at one of Canada's four major airports: Montréal, Toronto, Calgary, or Vancouver, effective Feb. 3, (3) all air travelers – with very limited exceptions – are required to reserve a room (at their own expense) in a Government of Canada–approved hotel for three nights and take a COVID-19 molecular test on arrival, in addition to the pre-flight test. |
| Feb 4, 2021 | The Government of Canada announces a one-year ban for pleasure craft in coastal and Great Lakes waters and cruise vessels carrying more than 100 people in all Canadian waters. |
| Feb 14, 2021 | PHAC updates the 14-day isolation order to extend the COVID-19 molecular testing requirement to land travel (with many exemptions, including those who live in Point Roberts, WA), and cites next steps for travelers after receiving test results. The quarantine order extends until April 21. |

# KEY METRICS

**The following section illustrates three components of the cross-border relationship between Canada and the US: cross-border travel, trade flows, and gross domestic product. These metrics use data from the US Bureau of Transportation Statistics, the US Bureau of Economic Analysis, and Statistics Canada. They display the immense volume of cross-border trade and travel during 'normal' times, and the impact of COVID-19 and the border restrictions on those volumes.**



## Cross-Border Travelers

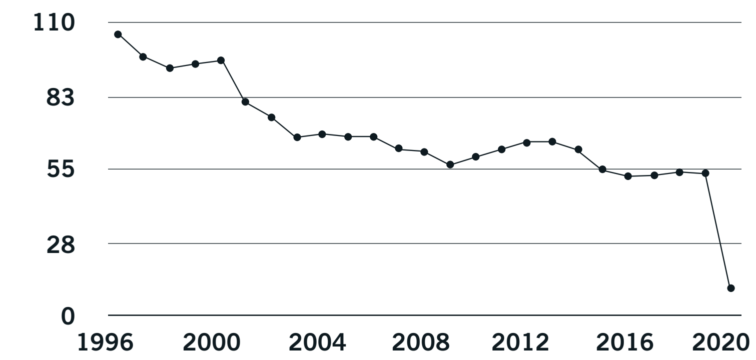
The Canada–US border is typically a conduit for people, who oftentimes cross in both directions on the same day. As Figure 2.1 illustrates, the number of travelers entering the US from Canada at land ports has declined fairly steadily over the last twenty years, and those volumes did not recover following the declines that occured after 9/11. There was a brief increase in entries between 2009 to 2013, when the value of the Canadian Dollar peaked. Over the past decade, the US processed an average of nearly 60 million entries per year at the land border, which includes ferries, buses, trains, personal vehicle passengers, and pedestrians. At a national scale, 35% of cross-border travelers are US residents, 61% are Canadian, and 4% are third country nationals and the vast majority of travelers enter the US by passenger vehicles. While this Barometer is focused primarily on the land border, it should be noted that air travel from Canada to the US has steadily grown over the past twenty years, even as land border volumes have declined.

The COVID-19 border restrictions impacted travel to a degree never before seen, with US entries falling from 54 million in 2019 to 10 million in 2020. In the months since the restrictions were enacted, the border processed 94% fewer travelers compared to the previous year.

The border restrictions were enacted to limit cross-border travel for discretionary, or 'non-essential,' purposes, while enabling workers and others traveling for 'essential' reasons to continue to travel. Regionally, cross-border travelers decreased at variable rates, ranging from -92% in the Detroit-Windsor corridor to -97% in several other regions, highlighting the different nature of who is crossing and their trip purposes. For example, in the Detroit-Windsor region, crossing numbers dropped by a smaller percentage than in the Cascadia region due to the fact that these regions are connected across the border in different ways. Roughly 2% of travelers in the Cascadia region are crossing for work, while in the Detroit-Windsor region, there are numerous healthcare workers and employees in the automotive industry engaged in daily commutes.

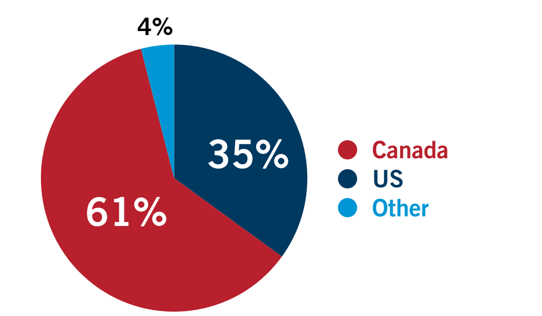
These differences illustrate how national policies produce different outcomes in border communities. Variations in travel declines also reflect the mode of travel. Private sector transportation routes, for example, were overwhelmingly suspended during the restrictions, with most bus, rail, and ferry routes ceasing operations altogether.

***Figure 2.1. Total people entering the US at land ports-of-entry, 1996-2020 (in millions)***



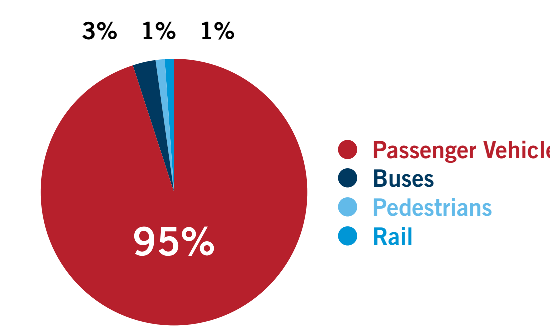

*Source: Monthly Border Crossing Entry Data, US Bureau of Transportation Statistics*

***Figure 2.2. Travelers by residency at land ports-of-entry, 2019***



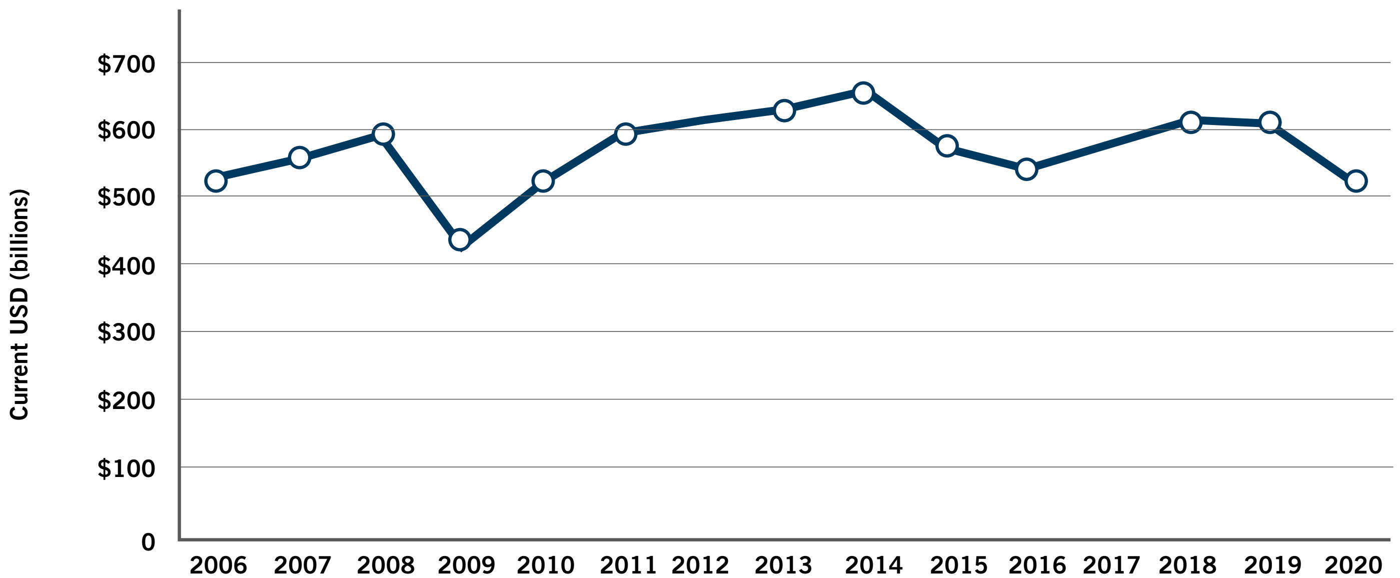

*Source: Table 24-10-0041-01, Statistics Canada*

***Figure 2.3. Travelers by mode at land ports-of-entry, 2019***




*Source: Monthly Border Crossing Entry Data, US Bureau of Transportation Statistics*

*Figure 2.4. Annual Canada–US bilateral trade value, 2006-2020*

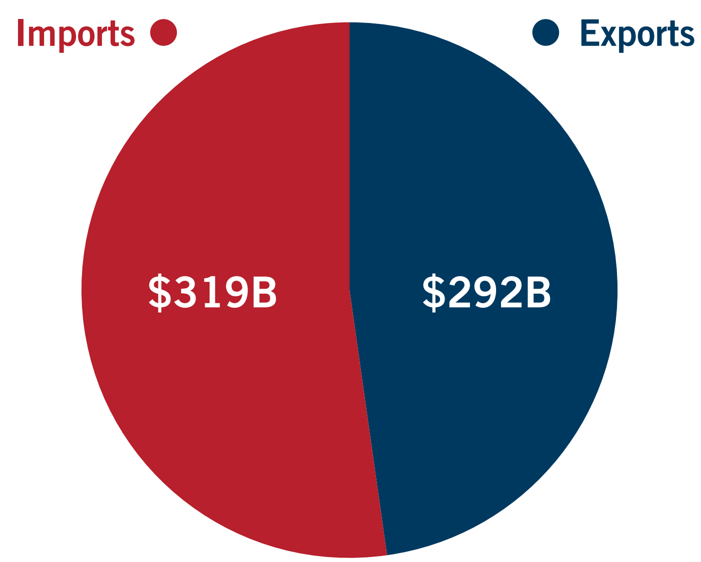



*Source: Transborder Freight Data, US Bureau of Transportation Statistics*

The volume of merchandise trade between Canada and the US in 2019 was the second highest bilateral trade relationship on earth, less than 1% lower than US trade with Mexico and almost 10% higher than US trade with China in that year.[1] This enormous trade flow reflects Canada's role in providing oil and gas to the US, the cross-border integration of industrial supply chains in automotive production and other sectors, the linkages of agrifood systems in regions stretching from coast to coast, and the historically high flows of commodities such as forest products and mining products. The mutually beneficial and balanced trade relationship has been enhanced over the years by trade agreements including the Canada–United States Automotive Products Agreement of 1965, the Canada–United States Free Trade Agreement, which came into force in 1989, the North American Free Trade Agreement (NAFTA) in 1994 and United States-Mexico-Canada Agreement (USMCA)/Canada–United States-Mexico Agreement (CUSMA) in 2020.

Canada–US trade in the 21st century has followed a slightly rising trend in current dollars, although in real terms it has declined since the US GDP price index increased by about 28% from 2006 to 2020.[2] There were notable drops due to the Great Recession of 2008-2009, the decline in petroleum prices from 2014 to 2016 and the COVID-19 crisis of 2020 (see Figure 2.4).

*Figure 2.5. Value of US imports from and exports to Canada in current USD, 2019*




*Source: Transborder Freight Data, US Bureau of Transportation Statistics*

[1] "US Trade in Goods by Country," US Census Bureau, accessed February 2021, https://www.census.gov/foreign-trade/balance/index.html.
[2] "Gross Domestic Product: Chain-Type Price Index," Federal Reserve Bank of St. Louis, accessed February 2021, https://fred.stlouisfed.org/series/GDPCTPI.



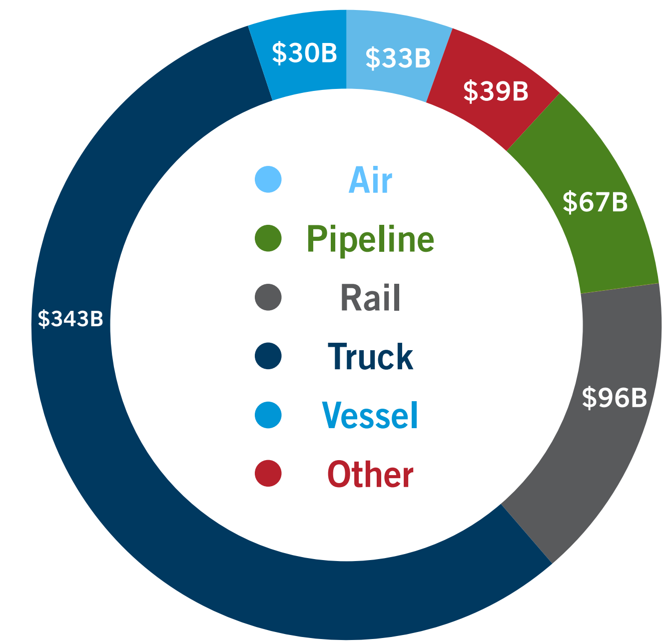


Although discussion of massive international trade flows usually implies images of container ships, most Canada–US trade crosses through land borders, with 56% of the total value moving by trucks, an additional 16% by rail, and 11% moves in oil and gas pipelines. Marine and air transportation each account for about 5% each. The huge volume of freight by truck is highly concentrated in the Great Lakes region, with international crossing bridges at the Niagara, Detroit and St. Clair rivers accommodating volumes of trade comparable to those at major marine ports. One implication is that businesses in both Canada and the US are highly dependent on the highway system of the other country to get their goods to market.

The COVID-19 crisis posed many challenges for cross-border logistics and economic integration. The agreement in March 2020 by the two governments to keep trucks moving while restricting most personal crossings prevented a much worse economic disruption than was experienced. Without the cross-border flow of goods by trucks and rail there would likely have been empty shelves in supermarkets and even greater shortages of personal protection equipment (PPE) and other essentials. Many industrial supply chains that are integrated across the border would have collapsed, idling thousands of workers.

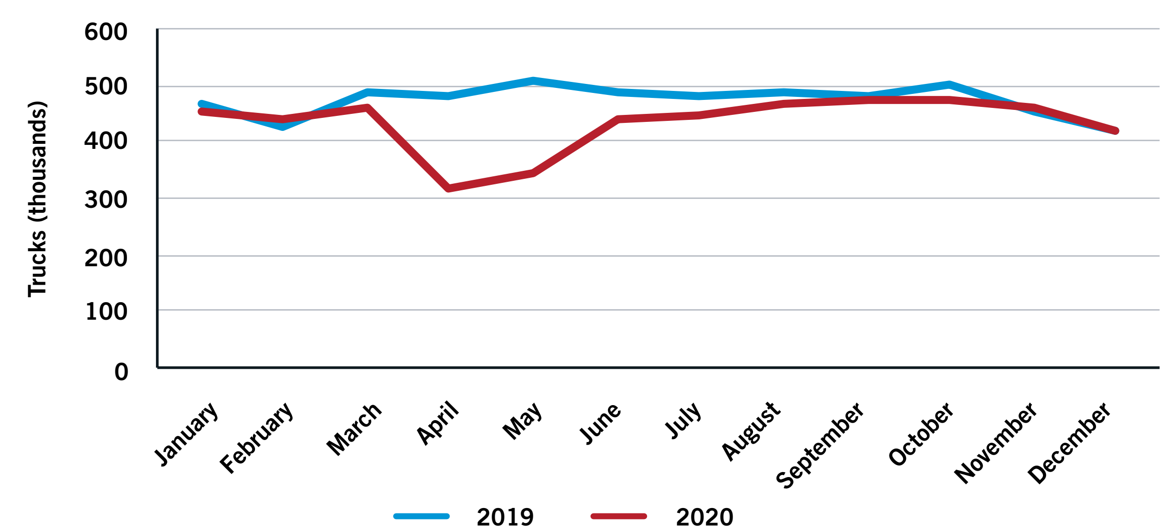
The decline in Canada–US trade from 2019 to 2020 was smaller than the drop during the Great Recession of 2008-2009 and partly reflects facility closures and other economic disruptions during the early months of the pandemic, with cross-border freight flows returning to normal levels by the later months of 2020 in some regions (See Figure 2.7). This is a testament to the resilience of the Canada–US economic relationship and the ability of both governments and businesses to work cooperatively during the crisis.

*Figure 2.6. Canada–US bilateral trade by mode, 2019*




*Source: Transborder Freight Data, US Bureau of Transportation Statistics*

*Figure 2.7. Monthly truck traffic across the Canada–US border, 2019 vs. 2020*




*Source: Transborder Freight Data, US Bureau of Transportation Statistics*

Gross Domestic Product (GDP) is the value of all goods and services produced in a country. GDP includes personal consumption expenditures, investment, government spending, and net exports. This important measure provides information about the size of the economy and how the economy is performing. In broad terms, an increase in real GDP is interpreted as a sign that the economy is doing well.[1] The United States Bureau of Economic Analysis (BEA) estimates GDP for the US, states, metropolitan areas, and most US territories. The data also include breakdowns of industries' contributions to each area's economy.[2]

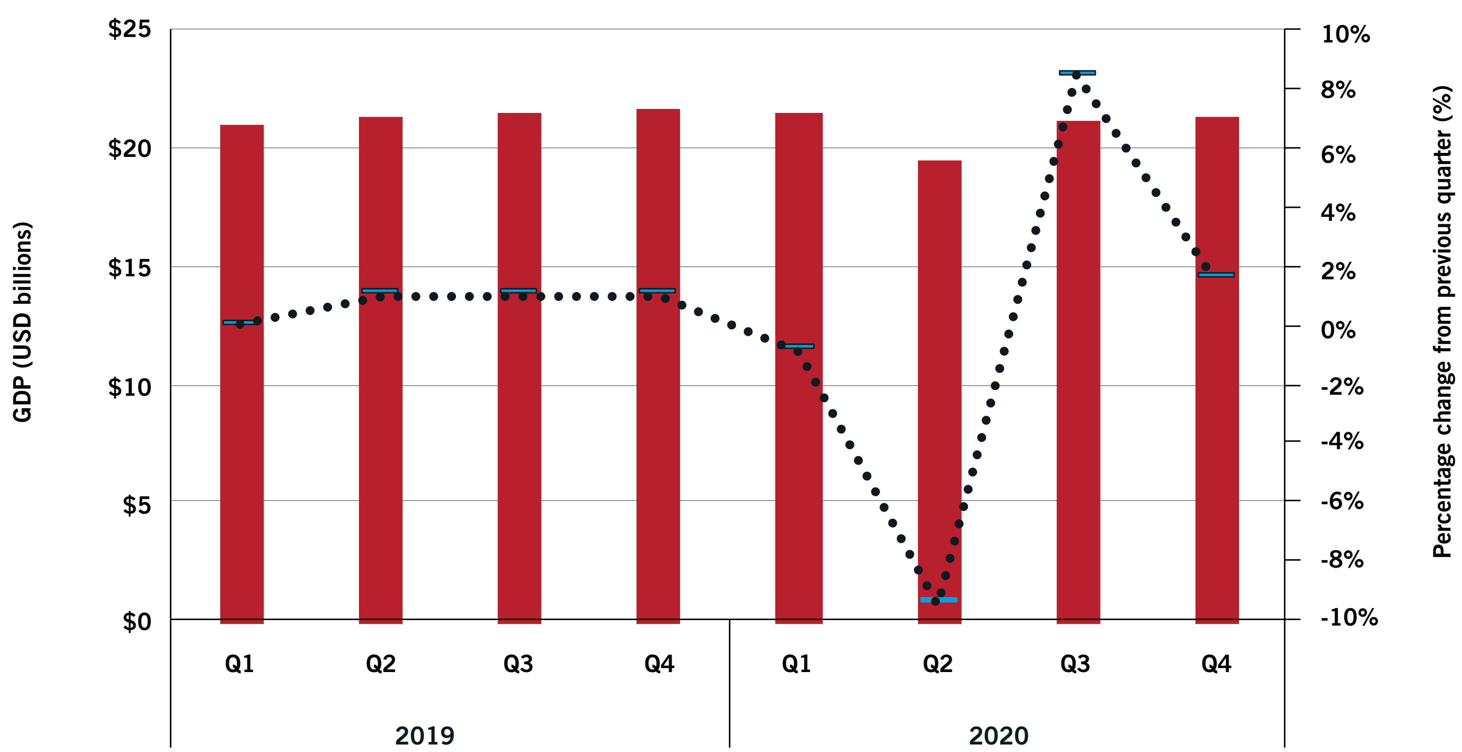
Analyzing the US and border state GDP numbers can help answer questions like:

- How much did the US economy contract during COVID-19 and has it fully recovered?
- How did COVID-19 impact each state's economy? Which states have recovered and which are still struggling?
- How has each state's industry mix impacted its current economic situation?

According to the BEA, current-dollar GDP for the US decreased 2.3 percent, or $498.3 billion, in 2020 to an annual level of $20.93 trillion (USD).[3] This decrease took the form of a moderate drop in Q1 of 2020, followed by a very sharp drop in Q2 and then a rebound in Q3 and Q4, as shown in Figure 2.8.[4]

At the national level, GDP decreased by -1.2% when comparing Q4 2019 to Q4 2020. However, when comparing the levels for each industry, changes are significant. Retail trade industry increased by 6.9% during the same period of comparison. Other industries that saw growth included agriculture and forestry, information, finance and insurance, real estate, construction, and durable goods manufacturing. Most industries saw a small decline in GDP during the one year period, while a small number of industries saw significant declines. These include arts, entertainment, recreation, mining, quarrying, oil and gas extraction, accommodation and food services, and transportation and warehousing.

***Figure 2.8. US GDP & percentage change from previous quarter in trillions of current USD, 2019-2020***




*Source: US Bureau of Economic Analysis*

[1] Tim Callen, "Gross Domestic Product: An Economy's All," International Monetary Fund, February 14, 2020, https://www.imf.org/external/pubs/ft/fandd/basics/gdp.htm#:~:text=GDP%20is%20important%20because%20it,the%20economy%20is%20doing%20well.
[2] "Gross Domestic Product," US Bureau of Economic Analysis, accessed February 2021, https://www.bea.gov/resources/learning-center/what-to-know-gdp#:~:text=GDP%20is%20the%20signature%20piece,areas%2C%20and%20most%20US%20territories.
[3] US annual GDP is roughly equal to the average of the four quarters in the year.
[4] "Gross Domestic Product, Fourth Quarter and Year 2020 (Second Estimate)," US Bureau of Economic Analysis, February 25, 2021, https://www.bea.gov/news/2021/gross-domestic-product-fourth-quarter-and-year-2020-second-estimate.





***Table 2.1. State and national GDP by quarter in billions of USD, & percentage change, Q4 2019 to Q4 2020***

| Scale | Q4-2019 | Q1-2020 | Q2-2020 | Q3-2020 | Q4-2020 | % Change (Q4-19 to Q4-20) |
|---|---|---|---|---|---|---|
| National | $21,747.4 | $21,561.1 | $19,520.1 | $21,170.3 | $21,494.7 | -1.2% |
| New York | $1,791.6 | $1,778.2 | $1,587.9 | $1,705.1 | $1,724.9 | -3.7% |
| Washington | $624.9 | $625.1 | $579.7 | $632.0 | $637.9 | +2.1% |
| Michigan | $543.5 | $535.2 | $475.5 | $524.8 | $528.2 | -2.8% |
| Minnesota | $389.5 | $384.5 | $348.0 | $379.4 | $385.5 | -1.0% |
| Idaho | $85.8 | $85.8 | $77.4 | $85.6 | $87.3 | +1.8% |
| Maine | $69.0 | $68.3 | $61.5 | $67.1 | $67.8 | -1.7% |
| North Dakota | $57.5 | $56.4 | $49.9 | $54.0 | $55.8 | -2.9% |
| Alaska | $54.7 | $52.9 | $45.6 | $50.4 | $52.1 | -4.8% |
| Montana | $54.0 | $53.3 | $47.7 | $51.9 | $53.0 | -1.9% |
| Vermont | $34.3 | $34.0 | $30.2 | $33.3 | $33.7 | -1.8% |

*Source: GDP by State (2019-2020), US Bureau of Economic Analysis*

Table 2.1 shows GDP by state and at the national level for the time period from Q4 2019 through Q4 2020. States are shown in order from largest to smallest GDP, along with the percent change from Q4 2019 to Q4 2020. GDP values are in billions of USD.

As shown in the table, **all states saw a decline in their GDP between Q1 and Q2, which began to recover in Q3**. When comparing GDP between Q4 2019 and Q4 2020 (the latest available data), Alaska saw the largest decline, at -4.8%, followed by New York (-3.7%), and North Dakota (-2.9%). At the same time, Washington and Idaho were among fourteen states in the country that saw increases in their state GDP during Q4 compared with the same quarter the previous year. The remaining states all saw declines in state GDP between 2019 and 2020.

As mentioned previously, net exports are a component of GDP. Therefore, states will see growth or decline in their state GDP as net exports increase or decrease. The relationship between exports and GDP growth may be particularly pronounced in certain industries, such as those that represent a large share of the state's GDP or those where the state produces its top exports (e.g. manufacturing, agriculture, tourism, minerals).

For example, Alaska and North Dakota both have economies that rely heavily on the mining, quarrying, and oil and gas extraction industry. In fact, 9% of state GDP in Alaska and 7% in North Dakota is generated from that industry (compared with less than 1% nationwide). As a result, both states experienced significant negative impacts on their state GDP due to the sharp drop in oil prices. Both of these states also export significant amounts of mineral products to Canada. In 2019, North Dakota exported $4.5 billion (USD) in mineral products to Canada, and Alaska exported

[5] "GDP by Industry," US Bureau of Economic Analysis, accessed February 2021, https://apps.bea.gov/iTable/iTable.cfm?reqid=150&step=2&isuri=1&categories=gdpxind.
[6] "GDP by State," US Bureau of Economic Analysis, December 13, 2020, https://www.bea.gov/data/gdp/gdp-state.

an additional $500 million (USD) of mineral products.[7] Not surprisingly, both states saw steep declines in the value of their mineral exports in 2020. North Dakota's export value dropped to $3.3 billion (USD), while Alaska's dropped to just over $400 million (USD). These declines in exports most certainly factored into the decline in the states' GDP values.

By comparison, Michigan's economy relies heavily on manufacturing. In that state, 14% of the GDP comes from durable goods manufacturing, compared with only 6% nationwide. Between 2019 and 2020, Michigan saw a sizable decline in GDP due in large part to declines in manufacturing. The durable goods manufacturing industry shrank by -6.2% statewide from Q4 of 2019 to Q4 of 2020. Considering that Michigan's largest export to Canada is automobiles,[8] the drop in the state's GDP was undoubtedly related to declines in state exports.

On the other hand, 9% of Washington's state GDP is generated in information, a sector that experienced large gains in revenue during the pandemic, compared with less than 6% nationwide. In fact, the information sector in Washington grew by 16% in terms of its contribution to state GDP. This helped Washington's state economy bounce back quickly from the economic downturn caused by COVID-19, despite losses in other sectors such as manufacturing (-2.6%).

[7] *"TransBorder Freight Data: State and Commodity, 2019-2020," US Bureau of Transportation Statistics, accessed February 2020, https://www.bts.gov/transborder.*
[8] *"TransBorder Freight Data, State and Commodity, 2019-2020," US Bureau of Transportation Statistics, accessed February 2020, https://www.bts.gov/transborder.*



# REGIONAL ANALYSES

**The following section includes analyses of eight different regions of the Canada–US border, exploring how the COVID-19 pandemic, and associated border restrictions, have impacted communities primarily on the US side of the border. Some of these regions are connected by cities adjacent to the border, others span broader geographical swaths.**

**In order to assess the impacts of the border restrictions, it is important to first understand the ways in which these regions are connected with their Canadian neighbors in 'normal times', and the role the border itself plays in social and economic systems. Therefore, each analysis includes a description of these connections, including trade relationships, travel patterns, and personal/cultural ties. These connections are also illustrated with infographics that accompany each region, and quantify the cross-border trade relationship (at the state scale) and travel patterns (for ports-of-entry).**

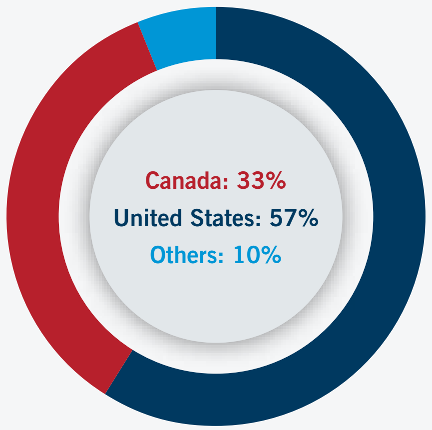
Crossing Volumes through Region (2019)

### Travelers

608K = 1% of all entries

Change during restrictions = -96%

### Traveler by Residency




### Truck Traffic

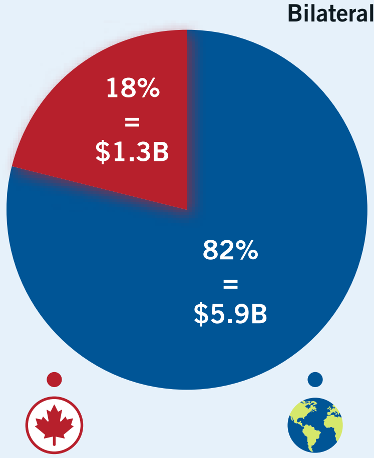
10K = 0.2% of all truck traffic

Change during restrictions = -10%

Trade Between Alaska and Canada (2019)

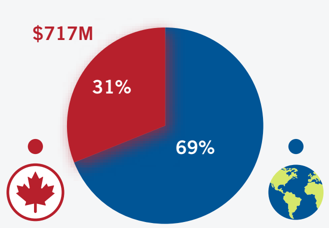
Exports to Canada = 1.1% OF AK'S GDP

### Bilateral Trade with Canada

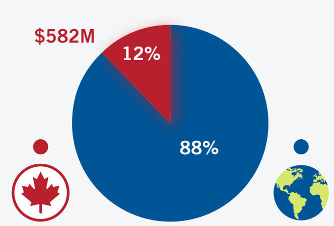



Change during restrictions = -30%

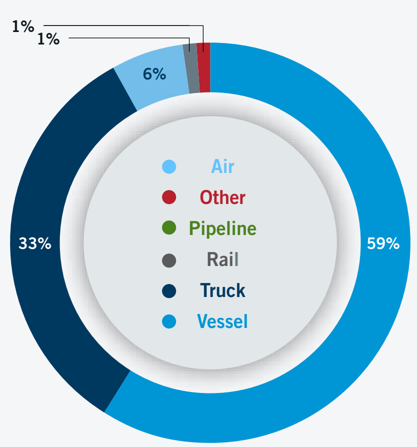
### Imports from Canada




### Exports to Canada




### Bilateral Trade with Canada by Mode




**#1 Import from Canada**
(HS27) Mineral Fuels
VALUE = $308M

**#1 Export to Canada**
(HS26) Ores, Slag and Ash
VALUE = $418M






## Alaska

### *McKinley Research Group*[1]

**Key Highlights:**

- In 2019, 53% (or 1.3 million) of Alaska's annual visitors were cruise ship passengers. The pandemic resulted in the entire cruise season being cancelled.
- Nearly all Alaskan cruise ship passengers visit Canada as part of their itinerary; the *Passenger Vessel Services Act* requires foreign-flagged vessels, which includes all large cruise vessels traveling to Alaska, to include a Canada stop on their US cruises.
- The loss of the cruise passenger market has had devastating impacts on local government revenue, employment, and businesses throughout Alaska, but the losses are most steeply felt in small communities with high cruise passenger visitation such as Skagway, Ketchikan, and Denali Borough (the region around Denali National Park).
- The loss of highway travelers was harmful to many small communities along Alaska's road system, impacting gas stations, RV parks, hotels, and tour operators, among others.

Canada's economic influence on Alaska is diverse and far-reaching, touching economic sectors from mining, to energy, to tourism. In 2020, Canada was Alaska's fourth largest export market.[2] When last measured in 2010, Canadian economic activity in Alaska accounted for 7,100 Alaskan jobs and $395 million (USD) in payroll annually, including direct and indirect impacts.[3] Considering the growth of the visitor industry in particular over the last decade, these impacts have undoubtedly grown.


Border restrictions related to the COVID-19 pandemic, including highway border closures as well as port closures to passenger vessels, have had a devastating impact on Canada–Alaska cross-border commerce. This brief explores the various ways pandemic-related border restrictions have impacted the economic relationship between Canada and Alaska, with a focus on Alaska's visitor industry.

### Impacts on Alaska's Visitor Industry

Canada acts as a gateway for many of Alaska's visitors, particularly for those traveling by cruise and highway. The following sections outline the overall context of the visitor industry in Alaska, highlighting the importance of the cruise ship market in particular, as well as the role of travelers arriving via ferry, air, and Alaska's vast highway system.

[1] *Donna Logan, Senior Consultant; Heather Haugland, Consultant*

[2] *"Total US Exports (Origin of Movement) from Alaska: Top 25 Countries Based on 2020 Dollar Value," US Census Bureau, accessed February 24, 2021, https://www.census.gov/foreign-trade/statistics/state/data/ak.html#ctry.*

[3] *McDowell Group, Canada's Impact on Alaska, Anchorage, Alaska: McDowell Group [for the Canadian Consulate], November 2011.*

### The Alaska Visitor Industry Context

Alaska welcomed over 2.5 million visitors during the last 12-month period of measurement, October 2018 through September 2019.[4] Over half of annual visitors (53%) were cruise ship passengers, while 43% traveled to and from Alaska by air, and 4% traveled to or from Alaska by highway or ferry. Canada plays a role in all three of these transportation markets.

In economic terms, Alaska's visitor industry represents a significant portion of the state's economy, estimated at 10% of total statewide employment in 2017, the last year it was measured.[5] Including direct and indirect impacts, the industry was associated with more than 43,000 jobs, $1.5 billion (USD) in labor income, and $4.5 billion (USD) in total economic output. The State of Alaska received $126 million (USD) in visitor-related revenues in 2017, while municipal governments received $89 million (USD), in the form of sales tax revenues, bed tax revenues, and moorage fees from cruise lines.

### Importance of Cruise Ship Market

Cruise ships were originally forecasted to bring 1.4 million visitors to Alaska in 2020; the pandemic resulted in the entire cruise season being cancelled. The following information is provided to illustrate how these visitors typically travel to, from, and through Alaska, and the vital role Canada plays in this visitor market segment.

The cruise industry represents the most important connection between Canada and Alaska in terms of tourism. Nearly all Alaskan cruise ship passengers (99%) visit Canada as part of their itinerary.[6]

The *Passenger Vessel Services Act* requires foreign-flagged vessels, which includes all large cruise vessels traveling to Alaska, to include a Canada stop on their US cruises.[7] Cruise lines meet this legal requirement by using Vancouver as an embarkation or disembarkation port for their Alaska cruises or by including a Canadian stop as a port-of-call, usually Victoria, for passengers who embark/disembark in Seattle.

***Alaska Table 1. Alaska visitor volume by transportation market, Oct 2018 to Sep 2019***

| Transportation Market | Visitors | % of Total Visitors |
|---|---|---|
| **Cruise** | 1,331,600 | 53% |
| **Air** | 1,100,600 | 43% |
| **Highway / Ferry** | 103,800 | 4% |
| **Total** | 2,536,000 | 100% |

*Source: Alaska Visitor Volume Report, 2018-19, prepared by McKinley Research Group for Alaska Travel Industry Association.*

In 2019, about 625,000 out of 1.3 million total Alaskan cruise ship passengers embarked and/or disembarked in Vancouver.[8]

An additional 690,000 Alaskan cruise passengers stopped in Victoria (these passengers generally embarked/disembarked in Seattle or San Francisco). A few itineraries include the smaller BC communities of Prince Rupert, Klemtu, and Nanaimo.

***Alaska Table 2. Alaska visitor industry economic impacts, 2017***

| Metric | Impact |
|---|---|
| **Jobs (direct plus indirect)** | 43,300 |
| **Labor income (direct plus indirect)** | $1.5 billion |
| **Economic output** | $4.5 billion |
| **% of total statewide employment** | 10% |
| **Revenues to State of Alaska government** | $126 million |
| **Revenues to municipal governments** | $89 million |

*Source: Economic Impacts of Alaska's Visitor Industry, prepared by McDowell Group for Alaska Department of Commerce, Community, and Economic Development, November 2018.*

[4] *McDowell Group, Alaska Visitor Volume Report, 2018-19, Anchorage, Alaska: McDowell Group [for Alaska Travel Industry Association], February 2020, https://www.mcdowellgroup.net/wp-content/uploads/2020/09/alaska-visitor-volume-2018-19-mcdowell-group-june-2020.pdf.*

[5] *McDowell Group, Economic Impacts of Alaska's Visitor Industry, Anchorage, Alaska: McDowell Group [for Alaska Department of Commerce, Community, and Economic Development], November 2018, https://www.mcdowellgroup.net/wp-content/uploads/2018/11/visitor-impacts-2016-17-report.pdf.*

[6] *Calculations by McKinley Research Group based on data from Cruise Line Agencies of Alaska.*

[7] *The exceptions are smaller cruise vessels, which are primarily US-flagged and operate within Alaska. These passengers represent only 1% of total volume.*

[8] *Cruise Line Agencies of Alaska via McKinley Research Group data request.*



Alaska

### Top Alaskan Port Destinations

Historically, Alaska's top three cruise ports in terms of passenger visitation are Juneau, Ketchikan, and Skagway, all communities in the Southeast Alaska region. Communities in the Southcentral Alaska region also receive significant volume, particularly Seward and Whittier, which serve as embarkation and disembarkation ports for passengers sailing to and from Vancouver. These "cross-gulf" passengers represent one-third of Alaska's cruise market; the other two-thirds sail round-trip to the Southeast region only.

Many of these port communities have small populations and heavily seasonal economies. The loss of cruise passengers in 2020 had devastating impacts on employment, wages, sales tax revenues, and port revenues, among other economic impacts.
The Tourism Employment Impacts and Cross-border Community Impacts sections below provide more detail.

### Cruise/Tour Destinations

Cross-gulf passengers often extend their trips by participating in land tours before or after their trip. A 2016 study found that 29% of Alaskan cruise passengers visited Anchorage; 20% visited Denali National Park; and 12% visited Fairbanks.[9] The adjacent map highlights the top 10 destinations of cruise and cruise/tour passengers in Alaska. Cruise passengers represent a significant source of income and employment in these communities (see Tourism Employment Impacts section).

Another connection between Alaska and Canada for cruise passengers is via land tours that incorporate Yukon. Some passengers disembark their ships in Skagway and take motor coaches north on the Klondike Highway, passing briefly through British Columbia, before entering Yukon. After visiting Whitehorse and Dawson City, they take charter flights from Dawson to Fairbanks where they resume their land tour in Alaska's interior, or fly directly home. The reverse itinerary is also used.

***Alaska Table 3. Alaska cruise ship passenger visitation to Canadian ports, 2019***

| Metric | Impact |
|---|---|
| **Victoria** | 690,000 |
| **Vancouver** | 625,000 |
| **Prince Rupert** | 13,000 |
| **Klemtu** | 3,000 |
| **Nanaimo** | 2,000 |

*Source: Cruise Line Agencies of Alaska; McKinley Research Group calculations.*

***Alaska Map: Top 10 Alaska communities visited by cruise and cruise/tour passengers***


[9] *McDowell Group, Alaska Visitor Volume Report, 2018-19, Anchorage, Alaska: McDowell [for Alaska Travel Industry Association], https://www.mcdowellgroup.net/wp-content/uploads/2020/09/alaska-visitor-volume-2018-19-mcdowell-group-june-2020.pdf.*

***Alaska Table 4. Alaska cruise passenger volume by port, 2019 (>10,000 passengers)***

| Metric | Passengers | % of Total |
|---|---|---|
| **Juneau** | 1,305,700 | 98% |
| **Ketchikan** | 1,186,400 | 89% |
| **Skagway** | 1,035,800 | 78% |
| **Hoonah** | 267,200 | 20% |
| **Seward** | 237,900 | 18% |
| **Sitka** | 218,600 | 16% |
| **Whittier** | 193,800 | 15% |
| **Haines** | 63,400 | 5% |
| **Kodiak** | 26,300 | 2% |
| **Wrangell** | 17,300 | 1% |
| **Homer** | 14,800 | 1% |
| **Anchorage** | 13,700 | 1% |
| **Valdez** | 12,400 | 1% |

*Source: Alaska Visitor Volume Report, 2018-19, prepared by McKinley Research Group for Alaska Travel Industry Association. Note that the study period "2019" refers to October 2018 through September 2019.*

### Highway Visitors

Due to Alaska's location, its highway market is completely dependent on the four major border crossings the state shares with Canada. These crossings are located on the Klondike Highway north of Skagway, AK, the Haines Highway north of Haines, AK, the Alaska-Canada Highway near Beaver Creek, YT, and the Top of the World Highway near Dawson City, YT.

Highway travelers are an important source of visitors to smaller communities along Alaska's road system, benefiting businesses like hotels, RV parks, restaurants,

***Alaska Table 5. Personal vehicle occupants crossing border, 2019 vs. 2020****

| | 2019 | 2020 | Difference |
|---|---|---|---|
| **Skagway (Klondike Highway)** | 126,380 | 5,604 | -120,776 |
| **Haines Highway** | 41,148 | 4,371 | -36,777 |
| **Alaska-Canada Highway** | 103,719 | 29,764 | -73,955 |
| **Top of the World Highway** | 18,095 | - | -18,095 |
| **Total** | 289,392 | 39,739 | -249,613 |

*Source: US Department of Homeland Security.*
**Based on one-way, US-bound cross-border travelers only.*

and gas stations. In 2019, nearly 300,000 people in private vehicles crossed into Alaska from Canada on these four highways.[10] In 2020, that number dropped to approximately 40,000.

### Air Visitors

The Canada–Alaska tourism connection is felt most strongly in the cruise and highway markets, but air travel represents an additional link. In 2019, nearly 25,000 passengers embarked in Anchorage on planes bound for Vancouver, BC.[11] An additional 6,000 passengers embarked in Fairbanks bound for Dawson City, YT.[12] In 2019, Condor Airlines flew from Frankfurt, Germany to Whitehorse, YT, and then continued to Anchorage.

***Alaska Table 6. Alaska Passenger Enplanements on Flights to Canada, 2019 and 2020***

| | 2019 | 2020 |
|---|---|---|
| **Anchorage-Vancouver** | 24,595 | 0 |
| **Fairbanks-Dawson City (YT)** | 6,083 | 0 |
| **Total** | 30,678 | 0 |

*Source: Alaska Visitor Volume Report, 2018-19, prepared by McKinley Research Group for Alaska Travel Industry Association. Note that the study period "2019" refers to October 2018 through September 2019.*

[10] *US Department of Homeland Security via McKinley Research Group data request.*
[11] *Alaska Department of Transportation and Public Facilities via McKinley Research Group data request.*
[12] *Dawson City passengers were nearly all cruise passengers on an Alaska/Yukon land tour.*





Some visitors disembarked in Canada and then traveled by rented car or RV to Anchorage for their direct return flight from Anchorage back to Frankfurt. This flight was discontinued in 2020.

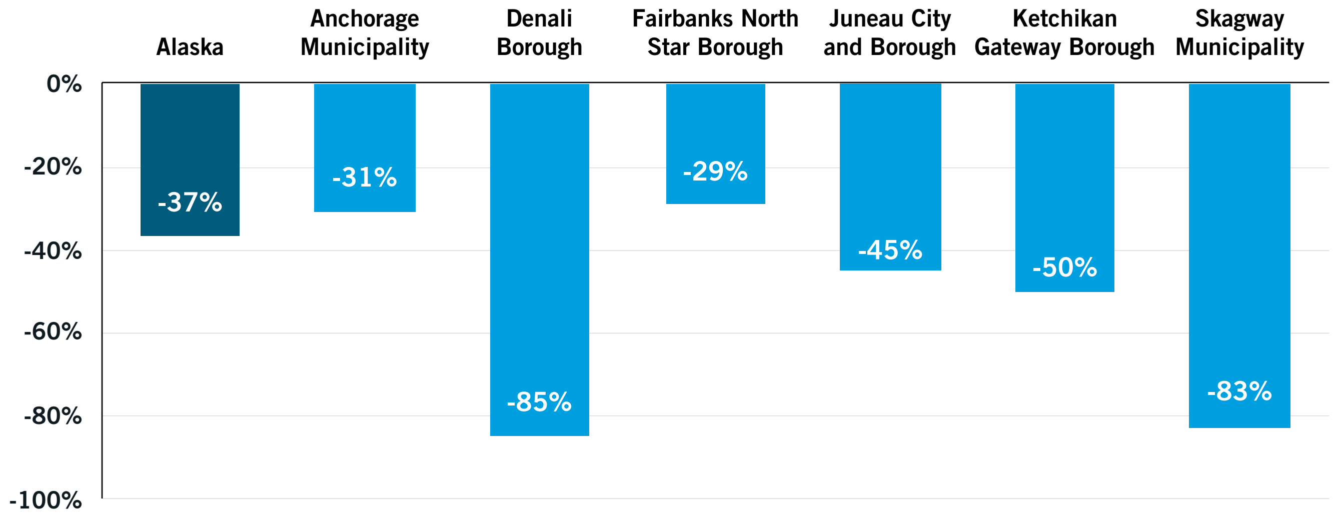
### Ferry Visitors

The Alaska Marine Highway System is another way for Alaska visitors to travel to the state; Prince Rupert, BC, is one of the two non-Alaska embarkation ports, in addition to Bellingham, Washington. In 2019, 4,745 passengers embarked on a ferry at Prince Rupert. In 2020, all Prince Rupert sailings were canceled.[13]

### Tourism Employment Impacts

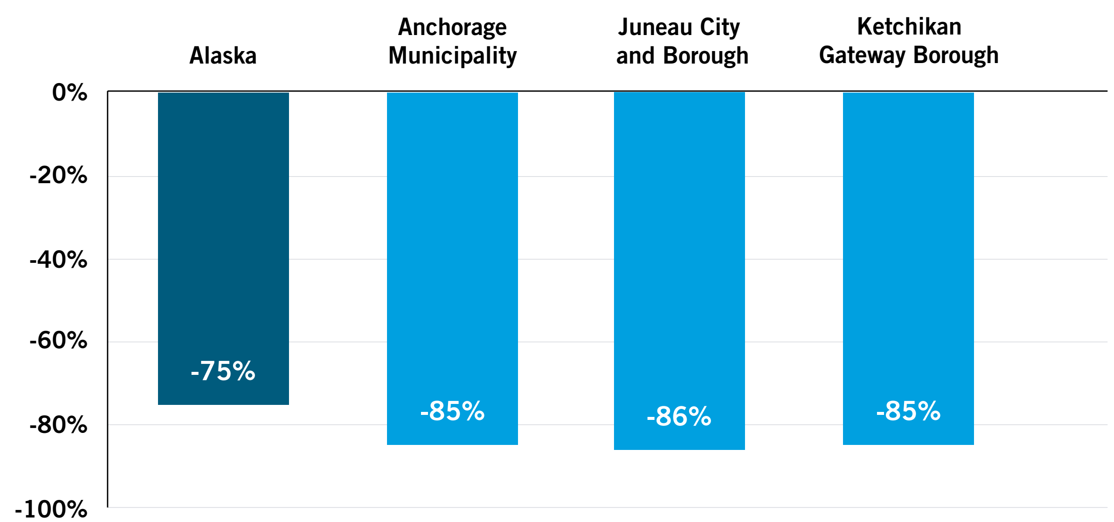
COVID-19 wreaked havoc on Alaska's visitor industry and the visitor connections with Canada as documented so far. The steep decline in visitors in 2020 had devastating impacts on Alaska's economy. The following charts show the decline in tourism-affected employment both statewide and in selected communities where tourism plays a strong role in the economy.

***Alaska Figure 1. Percentage change in leisure and hospitality employment, June 2019-June 2020***




*Source: Alaska Department of Labor and Workforce Development*

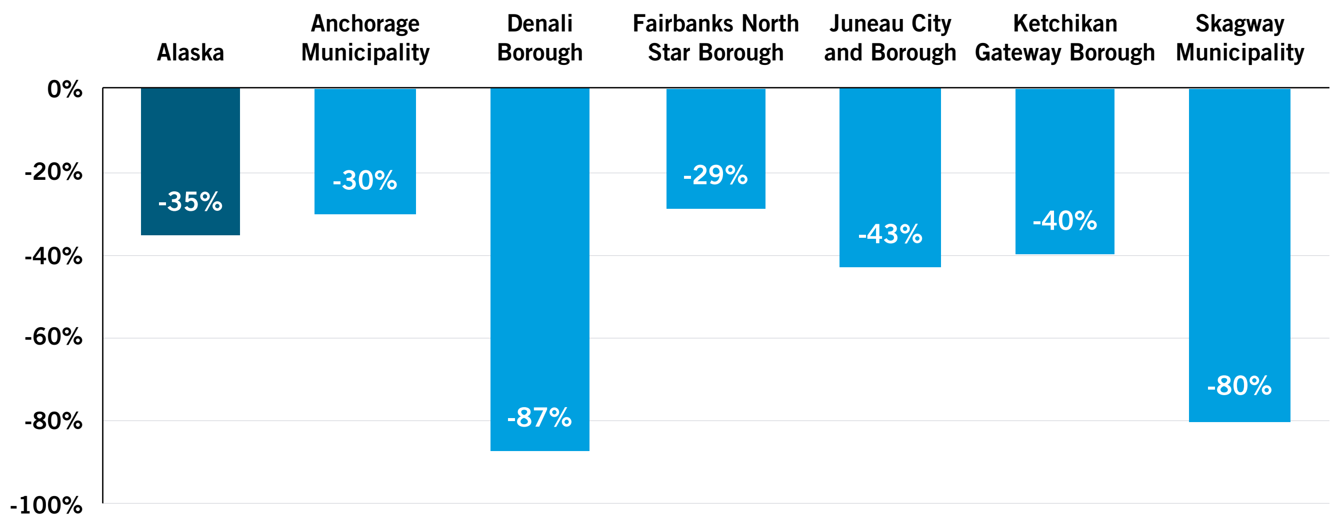
***Alaska Figure 2. Percentage change in scenic and sightseeing transportation employment, June 2019-June 2020***




*Source: Alaska Department of Labor and Workforce Development*

[13] *Alaska Marine Highway System via McKinley Research Group data request.*

*Alaska Figure 3. Percentage change in accommodation and food service employment, June 2019-June 2020*




*Source: Alaska Department of Labor and Workforce Development*

Comparing June 2019 with June 2020, employment in Alaska's Leisure and Hospitality sector fell by 37%, while employment in Accommodation and Food Services fell by 35%, and employment in Scenic and Sightseeing Transportation fell by 75%.[14]

Employment losses were particularly steep in small communities with a heavy dependence on tourism. Denali Borough, the region around Denali National Park and a significant cruise/tour destination, was down by 85% in Leisure and Hospitality employment and 83% in Accommodation and Food Services employment. Skagway, the third most visited cruise port, saw declines of 83% in Leisure and Hospitality employment and 80% in Accommodation and Food Services.

**While these employment declines cannot be directly attributed to the Canadian border and port closures, given that 99% of the cruise market did not operate in 2020, the relationship to Canada–US border restrictions cannot be understated.**

## Cross-Border Community Impacts

While this brief has focused on the big picture of the impacts of Canada's border restrictions on Alaska's visitor market, examples of community-level impacts are highlighted below.

### Juneau

- A 2017 study of the economic impact of tourism in Juneau showed that the visitor industry accounted for an estimated 2,800 jobs in 2016, or 12% of total Juneau employment, including direct and indirect impacts.[15] Tax revenue, including sales, room, and property taxes, were estimated at $13.5 million (USD), while marine-related revenues were estimated at $14.2 million (USD). Nearly all (93%) of Juneau's visitors are cruise passengers.
- According to a recent article in the *Juneau Empire*, Juneau International Airport reported a 62% decrease in passenger traffic in 2020.[16] The article notes that tenants who operate helicopters and small planes were "especially impacted by the lack of cruise ship passengers." The loss of passengers and tenant business could lead to an increase in fees and/or decreasing services.

[14] *Alaska Department of Labor and Workforce Development via McKinley Research Group data request.*
[15] *McDowell Group, Juneau Visitor Profile and Economic Impact Study, 2016, Anchorage, Alaska: McDowell Group [for Travel Juneau], October 2017, http://www.mcdowellgroup.net/wp-content/uploads/2018/08/mcdowell-group-juneau-visitor-profile-and-economic-impact-report-october-2017.pdf.*
[16] *Dana Zigmund, "Airport Traffic Down 62% in 2020," Juneau Empire, February 24, 2021, https://www.juneauempire.com/news/airport-traffic-down-62-in-2020/.*





### Ketchikan

- A 2018 study of the economic impact of tourism in Ketchikan showed that the visitor industry represented an estimated 1,750 jobs in 2017, or 17% of total Ketchikan employment, including direct and indirect impacts.[17] Tax revenue, including sales and bed taxes, were estimated at $5.4 million (USD), while marine-related revenues were estimated at $13.3 million (USD). Nearly all (95%) of Ketchikan's visitors are cruise passengers.
- A recent radio story on Ketchikan Borough's finances noted a multi-million-dollar deficit attributable to the lost cruise season.[18] The Borough finance director expects "a vastly reduced cruise season to weigh on sales tax revenues. Those are the biggest source of the borough's general revenue—property taxes go towards funding the school district."

### Sitka

- According to recent reporting on the Municipality of Sitka's finances, there is significant concern about school funding due to the downturn in the cruise industry.[19] Sales tax revenues collected during the visitor season funds Sitka's school district, and the district is considering how it is going to address the budget shortfall. Possible strategies included eliminating teaching positions, but the district is already operating at "their bare minimum."
- A *Washington Post* article highlighted a Sitka whale watch operator who projected 2020 sales of $3,000 (USD), down from his original projection of $160,000 (USD), "mostly from cruise passengers," based on previous seasons.[20] The operator noted having just spent $220,000 (USD) on a new boat in anticipation of a strong season.

### Haines

- Haines hosted approximately 125,000 to 135,000 visitors in 2017, with visitor spending estimated at $20 million to $25 million (USD). Major markets include cruise passengers, highway/ferry visitors, special event participants, and winter visitors. Haines' visitor industry is heavily influenced by Canadian residents and visitors transiting the Canada–US border.[21]
- The Haines Borough's budget was significantly impacted by both the loss of cruise ships and highway border closures, according to an article in the *Chilkat Valley News*.[22] The Borough was forced to make cuts to a community center, museum, pool, library, and the local economic development organization, said the article. Local businesses interviewed, including tour operators and restaurants, also noted financial hardships from the loss of cruise and highway visitors in 2020.

### Skagway

- As shown in the above employment data, Skagway is arguably one of the most tourism-dependent communities in Alaska. Year-round population is around 900, yet the community hosted over a million cruise ship passengers in 2019.[23] In planning for their 2021 budget, the Skagway Borough is assuming that sales tax revenues will equal only 6% of 2019's revenues, according to an article in *The Skagway News*.[24] One of the town's major employers, White Pass and Yukon Route Railroad, announced the loss of 27 jobs the day after Canada's announcement of port closures through February 2022. The article notes that "multiple" residents have decided to move away due to the loss of tourism-related employment.

[17] *McDowell Group, Ketchikan Summer Visitor Profile and Economic Impact Analysis, Anchorage, Alaska: McDowell Group [for Ketchikan Visitors Bureau], April 2018,https://www.mcdowellgroup.net/portfolio-posts/ketchikan-summer-visitor-profile-and-economic-impact-analysis/.*
[18] *Eric Stone, "Without Cruise Passengers, Ketchikan Borough Officials Project $3.4 Million Budget Shortfall," KRBD-Ketchikan, February 14, 2021, https://www.ktoo.org/2021/02/14/without-cruise-passengers-ketchikan-borough-officials-project-3-4-million-budget-shortfall/.*
[19] *Katharine Rose, "Canada's Cruise Ship Ban Fuels More Budget Angst for Sitka Schools," KCAW-Sitka, February 8, 2021, https://www.ktoo.org/2021/02/08/canadas-cruise-ship-ban-fuels-more-budget-angst-for-sitka-schools/.*
[20] *Hannah Sampson, "Alaska Was Expecting a Record 1.4 Million Cruise Visitors. Now It Faces a Summer with None," Washington Post, June 24, 2020.*
[21] *McDowell Group, Economic Baseline Report, Haines Economic Development Plan, Anchorage, Alaska: McDowell Group [for Haines Economic Development Corporation], June 2018.*
[22] *Ceri Godinez, "Haines Braces for Another Summer Without Cruise Ships," Chilkat Valley News, February 11, 2021, https://www.chilkatvalleynews.com/story/2021/02/11/news/haines-braces-for-another-summer-without-cruise-ships/14584.html.*
[23] *"Fun Facts," Skagway Convention and Visitors Bureau, accessed February 24, 2021, https://skagway.com/fun-facts/.*
[24] *Melinda Munson, "Canada Extends Cruise Ship Ban," February 13, 2021, The Skagway News, https://skagwaynews.com/2021/02/13/Canada-extends-cruise-ship-ban/.*

## Cooperation and Unique Circumstances

Nearly one third of Canada's border with the US is shared with the state of Alaska. Because of Alaska's separation from the "Lower 48" by Canada, the border restrictions present significant and unique challenges for the movement of people and goods, in addition to its dependence on cruise passengers and tourists arriving by road through Canada. Even Alaska's Capital, Juneau, isn't connected to central Alaska (e.g. Anchorage) by road, except through Canada. When border restrictions were enacted in March 2020, the state legislature in Juneau was still in session, with hundreds of state legislators, family members, staffers and media stranded with their cars in the capital. The Government of Canada worked to facilitate passage home for these groups, with convoys of cars and advance notice to small border crossings. What followed were unique and creative policy solutions to the challenges of Alaskans, including the implementation of a vehicle hang-tag system for returning Alaskan snowbirds in spring/summer of 2020. Those seeking to return home to Alaska through Canada, as well as workers supporting important fishing, energy, and mining sectors in Alaska, have been able to transit Canada throughout the pandemic.

## Conclusion

Alaska's unique geographical location, and its dependence on Canada for cruise ship visitations, make Alaska especially vulnerable to the border restrictions. In 2019, over half of Alaska's annual visitors were cruise ship passengers. Cruise ships were originally forecasted to bring 1.4 million visitors to Alaska in 2020; the pandemic resulted in the entire cruise season being cancelled. Furthermore, nearly all Alaska cruise ship passengers visit Canada as part of their itinerary; the *Passenger Vessel Services Act* (PVSA) requires foreign-flagged vessels, which includes all large cruise vessels traveling to Alaska, to include a Canada stop on their US cruises. The loss of the cruise passenger market has had harmful impacts on local government revenue, employment, and businesses throughout Alaska, but the losses are most steeply felt in small communities with high cruise passenger visitation such as Skagway, Ketchikan, and Denali Borough (the region around Denali National Park). Even as the US population becomes vaccinated and tourist markets open up domestically, the cruise industry in Alaska is still unable to operate under the current border restrictions, given the stipulations of the PVSA. At the time of writing, efforts are underway to seek exemption from this requirement for the 2021 season.[25]

Border closures have had and continue to have disastrous consequences for Alaska's economy, creating additional hardships for US resident travel between Alaska and the contiguous "Lower 48" states, border community commerce and services, and visitor industry businesses and communities impacted by a severe drop off in visitors. Highway border closures resulted in hundreds of thousands of fewer people crossing from Canada into Alaska in 2020. Counting personal vehicle occupants alone, crossings fell from nearly 290,000 in 2019 to roughly 40,000 in 2020. The loss of highway travelers was devastating for many small communities along Alaska's road system, impacting gas stations, RV parks, hotels, and tour operators, among others.

[25] *See Cato Institute Blog, "Canadians Alarmed over Efforts to Pause US Maritime Protectionism. Wait, What?," accessed February 20, 2021, https://www.cato.org/blog/canadians-sound-alarm-over-efforts-pause-us-maritime-protectionism-wait-what.*



Alaska

Cascadia

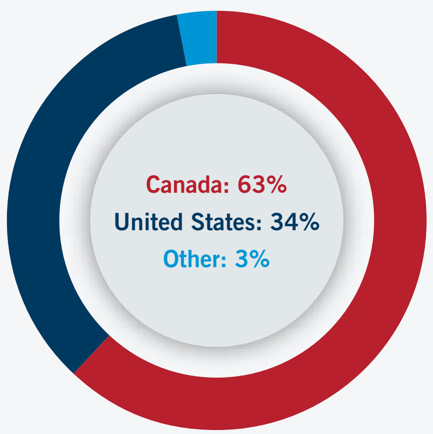
Crossing Volumes through Region (2019)

**Travelers**

11.0M = 20% of all entries

Change during restrictions = -97%

**Traveler by Residency**




**Truck Traffic**

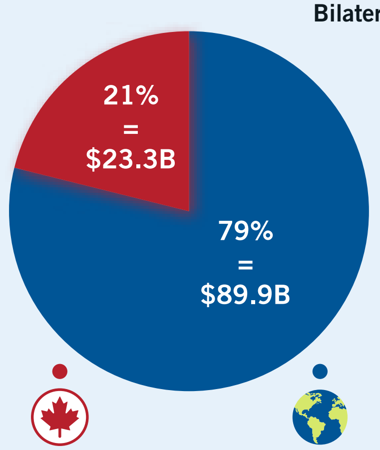
569K = 10% of all truck traffic

Change during restrictions = -6%

Trade Between Washington and Canada (2019)

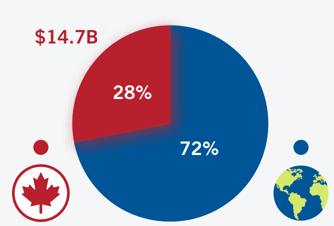
Exports to Canada = 1.4% OF WA'S GDP

**Bilateral Trade with Canada**

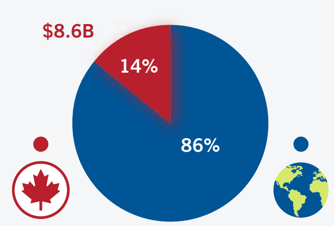



Change during restrictions = -16%

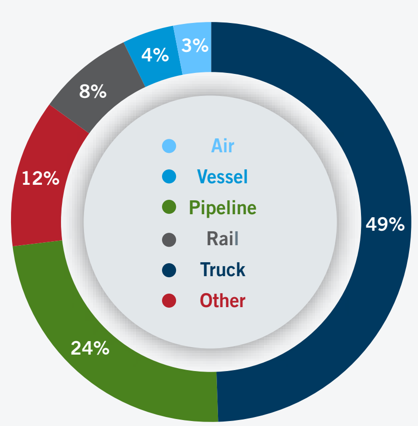
**Imports from Canada**




**Exports to Canada**




**Bilateral Trade by Mode**




**#1 Import from Canada**
(HS27) Mineral Fuels
VALUE = $7.6B

**#1 Export to Canada**
(HS88) Aircraft, Spacecraft
VALUE = $1.9B



## Cascadia

### *Border Policy Research Institute, Western Washington University*[1]

**Key Highlights:**

- With approximately 40% of all jobs tied to trade, WA is the most trade-dependent state in the US and its relationship with Canada is critical. In 2020, reductions in bilateral trade between Canada and WA were driven partially by mineral fuels and aerospace products—the top commodities that comprise an integrated supply chain.
- The ferries connecting BC and WA operate as pre-inspection facilities and must transition to full preclearance in the near future, yet the financial hardship associated with the border restrictions has complicated this process.
- Whatcom County is one of the most dependent areas on Canadian visitors, yet the border also plays a key role in Seattle's tourism market, where Canadians comprised 70% of all international visits in 2019, making Canada the single most important source for the state's top tourist destination.
- COVID-19 has created opportunities for economic growth for some of the region's multinational companies, and many larger firms in the tech sector were able to avoid negative impacts from the border restrictions.
- The region's long-standing tradition of robust and resilient networks of cross-border collaboration was strengthened amid the border restrictions by the commitment and perseverance of local and regional actors advancing solutions to the crisis.

[1] *Laurie Trautman, Erin Dahlman-Oeth, Natalie Baloy, and Kathrine Richardson*

Cascadia

On February 29, 2020, the first known US fatality from COVID-19 occurred in Washington State. Over the following weeks, both BC and WA implemented various efforts aimed at reducing the spread of the virus, which overlapped with the bilateral decision by Canada and the US to restrict cross-border travel. BC and WA have long shared numerous and extensive connections, spanning trade, infrastructure, business partnerships, and communities, all of which have been impacted in some way by the COVID-19 pandemic and the border restrictions. This section describes those connections and the ways they have been impacted over the past year, starting with the trade relationship between Canada and WA, followed by a focus on the western region of BC and WA, an area commonly referred to as Cascadia

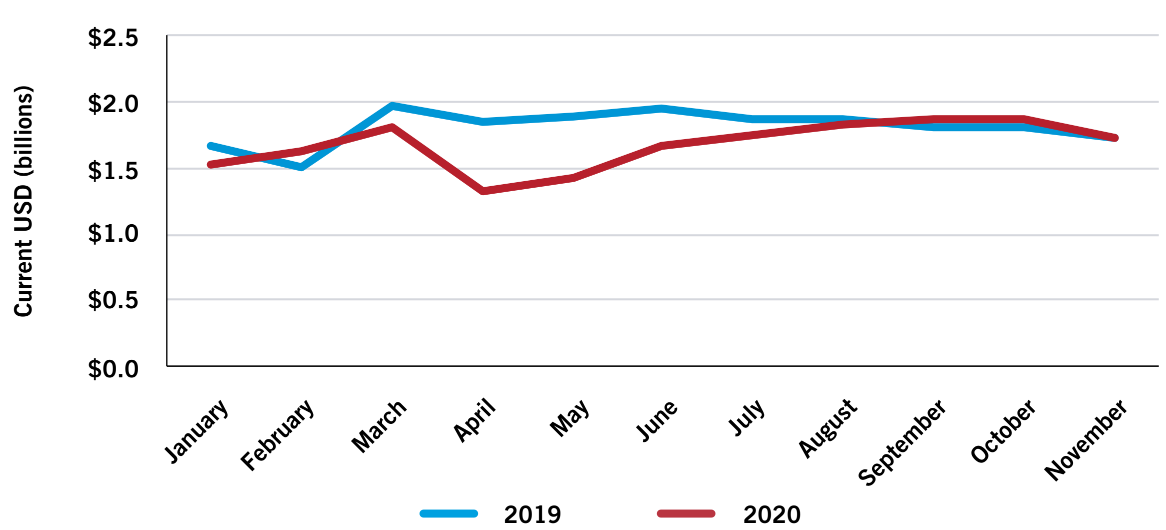
## The Trade Relationship between Washington State and Canada

With approximately 40% of all jobs in the state tied to trade, WA is the most trade-dependent state in the US, and its relationship with Canada is critical.[2] In 2019, Canada was WA's top trading partner, receiving 14% of state exports and supplying 28% of state imports.[3] In 2019, bilateral trade with Canada accounted for 21% of WA's trade portfolio and totaled $23.3 billion (USD). Bilateral trade between WA and Canada declined in 2020 by 16%, and one-third of that decline was driven by mineral fuels and aerospace products—the top commodities that comprise an integrated supply chain between Washington and Canada.[4] In the case of mineral fuels, WA imports crude oil from Canada via pipeline, which is sent to refineries just south of the border. These coastal refineries then export refined products back to Canada via trucks and vessels, much of which supplies jet fuel to Vancouver International Airport. The drop in oil commodity prices, combined with a drastic reduction in jet fuel demand, had a major impact on the value of trade between WA and Canada, in both directions.

However, annual data alone obscures the recovery of the WA–Canada trade relationship since spring 2020. This is best illustrated by the trend of monthly bilateral trade values for goods moving by truck (see Figure 1),[5] which account for roughly half of all trade between WA and Canada. In 2020, trade values via truck fell by 27% between March and April, at the inception of the COVID-19 crisis. However, values have since returned to pre-pandemic levels, which is a similar trend seen in many other regions of the Canada–US border.

The recovery in trade values moving via truck, which is the mode that is the most susceptible to potential impacts from the border restrictions (compared to rail, vessel, or pipeline), suggests that the initial declines in trade value in spring 2020 are likely attributable to decreased consumer demand and supply chain disruptions, rather than the border restrictions themselves. This illustrates that the intent of the border restrictions to enable commercial travel to continue unabated was successful. However, as the Cross-Border Institute has argued, today's trade relationships are the product of yesterday's negotiations, and it remains to be seen if a lack of personal interaction and inability to conduct site visits will hamper trade in the future.[6]

***Cascadia Figure 1. Monthly bilateral truck trade between Washington State and Canada, Jan-Nov 2019 vs. 2020***




*Source: Transborder Freight Data, US Bureau of Transportation Statistics*

## The Cascadia Cross-Border Region

The Cascadia region is home to the third busiest passenger vehicle crossing along the Canada–US border, and millions of cross-border trips are made for tourism, business, second home ownership, and family visits each year.[7] In total, there are five land ports-of-entry in the region (see map), collectively known as the Cascade Gateway, which connect the more rural area of Whatcom County, WA with the more densely populated Lower Mainland of BC. In 2019, more than 11 million people entered WA through these land ports, and 63% of travelers were Canadian.[8] Since the implementation of the border restrictions, daily cross-border passenger volumes at the Cascade Gateway have hovered at 97% below typical volumes. Annual volumes dropped by 83% between 2019 and 2020.

**Blackball's Coho Ferry**

Blackball's ferry service has been in operation for over 100 years, providing transportation for both passengers and cargo between Victoria, BC and Port Angeles, WA. The Coho Ferry (owned by Blackball) is the only operation that carries commercial trucks between Victoria and WA and thus provides an important cross-border link for freight. The economic impact of the Coho Ferry is estimated to be $60 million (USD) in direct spending in Clallam County, WA and results in the employment of nearly 900 people and 1 in 20 private sector jobs in the Port Angeles area.[9]

The border restrictions mark the first time the route has been suspended for an extended, and indefinite, period. It remains to be seen how, if, and when operations will resume.

## Cross-Border Transportation Infrastructure

In addition to the high-volume land crossings in the Cascade Gateway, cross-border marine and rail services also play a key role in connecting both sides of the border. Infrastructure such as the Amtrak Cascades train, the Coho Ferry, Victoria Clipper, and Washington State Ferries typically transport over 400,000 passengers from Canada to WA each year, although all of them suspended operations in 2020 due to the border restrictions. The Anacortes-Sidney Washington State Ferry route and Coho Ferry both provide transportation to rural areas in Washington that rely heavily on the economic boost these services provide. On the BC side, it is estimated that the economic impact of the Victoria Clipper and Coho Ferry in Victoria is upwards of $200 million (CAD) annually. In

[2] *Washington Council on International Trade, "The Export-Import Bank: Impact on Washington State Trade," Washington International Trade Association, August 1, 2019, https://www.wita.org/atp-research.*

[3] *"USA Trade Online," US Census Bureau, accessed February 2021, https://usatrade.census.gov/index.php.*

[4] *Due to the issues with Boeing's 737 Max, aerospace trade was down prior to the start of the pandemic. For more on the supply chain relationship between B.C. and Washington, see: Paul Storer, David L. Davidson, and Laurie Trautman, "Washington State's Economy in Relation to Canada and the Border," Border Policy Research Institute Publications, no. 92 (2015): 1, https://cedar.wwu.edu/cgi.*

[5] *US Department of Transportation, "TransBorder Freight Data," Bureau of Transportation Statistics, accessed February 2021, https://www.bts.gov/transborder.*

[6] *Bill Anderson, Marta Leardi-Anderson, and Laurie Tannous, "Cross-Border Institute Policy Note: A Practical Approach to Easing Restrictions at the Canada–US Border in the COVID-19 Pandemic," University of Windsor, (2020), https://www.cbinstitute.ca/wp-content; David Waddel, "Lost Opportunity Part 1: Automotive Sector Losing Millions in New Contracts Due to Border Issues," Windsor Star, November 12, 2020, https://windsorstar.com/news.*

[7] *US Department of Transportation, "Border Crossing Entry Ranking: 2019," US Bureau of Transportation Statistics, accessed January 2021, https://explore.dot.gov/views.*

[8] *Due to data availability, this is based on Canada–bound travel rather than US-bound travel, though we make the assumption here that 'what comes up must come down.' See: "Table 24-10-0041-01, International Travellers Entering or Returning to Canada, By Type of Transport," Statistics Canada, accessed January 2021, https://www150.statcan.gc.ca/t1/tbl1/en/cv.action?pid=2410004101.*

[9] *Daniel A. Underwood, "The Economic Impacts of Black Ball Ferry Line: A Destination Hub in the Tourism Industry of Clallam County," Olympus Consulting, November 15, 2019, https://crosscut.com/sites/default/files/files/black-ball-economic-impact-study-2019-1.pdf.*

[10] *Border Policy Research Institute, "Passenger Preclearance in the Pacific Northwest," Border Policy Research Institute Publications, no. 4 (2016): 5, https://cedar.wwu.edu/cgi.*

[11] *The US did not place any restrictions on air travel from Canada, but Canada restricted all non-Canadian air travel to essential trips only. The data from this section comes from: US Department of Transportation, "Air Carriers: T-100 International Market (All Carriers)," US Bureau of Transportation Statistics, accessed February 2021, https://www.transtats.bts.gov/Fields.asp?gnoyr_VQ=FJD.*

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addition, the marine and rail services connecting WA and BC operate as pre-inspection facilities and are required to transition to full preclearance operations in the near future, a process which presented challenges even prior to the pandemic.[10] The financial hardship associated with the border restrictions on these services complicates this transition considerably.

While not directly impacted by the border restrictions implemented for land and sea travel, regional flights between WA and BC were also heavily curtailed in 2020.[11] Most BC–WA carriers in 2019 connected Vancouver and Seattle (48%) or Victoria and Seattle (18%), although many smaller ones also provided flights to the less populous reaches of the San Juan Islands and Vancouver Island or the Gulf Islands. Many of these flights were cancelled in early 2020, and the number of origins and destinations served were reduced by 45%.[12] The first routes to be cut were ones serving the small, rural, and fairly isolated communities. Consequently, the share of flights between Vancouver–Victoria and Seattle increased from 64% in 2019 to 81% in 2020. Since March 2020, the monthly number of enplaned passengers on flights between BC and WA has decreased by an average of 89% compared to the same months in 2019.

## Tourism and Retail Spending

From studies conducted at the Cascade Gateway land crossings, it is estimated that roughly 7 million Canadian visits were made to Washington in 2019 and over 80% of those visits were for discretionary purposes such as shopping, vacation, and recreation. All these trip purposes are considered 'non-essential,' and prohibited under the current border restrictions. The drop in Canadian travelers is the most measurable impact of the border restrictions on Washington's economy. The nature and extent of these impacts are disproportionate across the state and have the greatest impact on particular sectors and locations.

The border restrictions have an immense economic impact on various sectors in Whatcom County, but particularly on tourism and retail. In 2018, 5.4 million visitors from Canada traveled to Whatcom County primarily for shopping, mail pick-up, and gas. BPRI estimates that nearly 12% of Whatcom's taxable retail sales and over half of fuel tax revenues in the small cities along the border are attributable to Canadians, representing a loss in the range of $169 to $202 million (USD).[13] Whatcom County's hospitality sector, the Bellingham International Airport, and second-home ownership are all additional aspects of the economy that are impacted by Canadians, and other cross-border travelers. Preliminary estimates suggest that at least an additional $40 million is spent annually by Canadians on food, lodging, and travel in the County.[14]

While Whatcom County's location adjacent to the border, and its rural nature, make it one of the state's most dependent areas on Canadian visitors, the border also plays a key role in Seattle's tourism market, which is the most popular destination market for Canadians visiting the US. Canadians comprised 70% of all international visits to Seattle in 2019, making Canadians the single most important group of visitors for Washington's top tourist destination. In 2019, it is estimated that 1.7 million visits were made by Canadians to Seattle via land, air, and sea connections- a figure which dropped to 473,000 in 2020.[15] The Canadian market is considered key to the post-pandemic recovery of Seattle's tourism sector, a situation which is further complicated by the decimated cruise industry and the restrictions on international vessels under the *Jones Act* (see Alaska Regional Analysis for more on the cruise industry).[16]

The border restrictions have similarly impacted BC's tourism industry, if not to a greater degree. In 2019, over 50% of Americans who crossed into BC through the Cascade Gateway were traveling for leisure, and the Vancouver metro area attracted around 11 million international and regional tourists.[17] According to a Tourism Specialist at Tourism Vancouver, as of December 2020, Visitor Centre traffic was down by 90%. The restrictions at the Canada–US border, Canada's *Quarantine Act*, and advisories on interprovincial travel have severely limited inter- and intraprovincial tourism.

## Culture and People-to-People Ties

Like many borderland communities, the Cascadia region is knit together by connections between families, friends, and shared cultural continuity. Alignment of culture and values across the border is found to be closer in Cascadia than in any other region along the Canada–US border.[18] Former WA Governor Christine Gregoire (who now co-chairs the Cascadia Innovation Corridor effort) has often stated that WA has more in common with neighbors in BC than with any other state in the US. The border plays a key role both in facilitating those connections, and in inhibiting them.


Peace Arch monument, credit: International Mobility and Trade Corridor Program

One of the most prominent symbols of the Canada–US cross-border relationship is the Peace Arch monument, with one foot anchored in Canada and one foot anchored in the US. This incredible symbol of unity straddles public parks in BC and WA and is popular with residents and tourists alike. With inscriptions such as "may these gates never be closed," and "children of a common mother," it is one of the few places in North America where people from both sides of the border can share the same space without technically crossing from one side to the other. As such, it has also served as one of the few places that Canadians and Americans could congregate after the border restrictions were implemented. In fact, the park became so popular during the summer of 2020 that it prompted backlash in BC from the Semiahmoo First Nation, as well as from residents adjacent to the park. This garnered national attention and prompted BC to close the park to try to inhibit access to it, yet visits continue.[19]

The situation at the Peace Arch Park is an outstanding, and recently very visible, example of the enduring nature of people-to-people ties in Cascadia and the desire to maintain those connections despite the border restrictions. The year 2021 marks the 100-year anniversary of the completion of the Peace Arch Monument, and celebrations that had been in the works are postponed at the time of writing.

While the Peace Arch monument symbolizes unity for many, it also marks the bifurcation of Indigenous nations, who have lived in the region for thousands of years.

[12] *Based on the months of January through August, from 2019 to 2020.*

[13] *Border Policy Research Institute, "COVID-19 and the Canada–US Border Report 2: Canadians and Taxable Retail Sales within Whatcom County," Border Policy Research Institute Publications, no. 122 (2020): 1, https://cedar.wwu.edu/cgi.*

[14] *Border Policy Research Institute, "COVID-19 and the Canada–US Border Report 3: Impacts on the Tourism Industry in Whatcom County," Border Policy Research Institute Publications, no. 124 (2020): 1, https://cedar.wwu.edu/bpri_publications.*

[15] *Tourism Economics, personal communication, February 2021; Visit Seattle, personal communication, February 2021.*

[16] *The Jones Act of 1920 is a US law that requires all goods transported by water between US ports be carried on US-flag ships, constructed in the US, owned by US citizens, and crewed by US citizens and US permanent residents.*

[17] *International Mobility and Trade Corridor, "2018/2019 IMTC Passenger Vehicle Intercept Survey," Whatcom Council of Governments, accessed November 2020, https://theimtc.com/border-data; Tourism Vancouver, personal communication, November 2020.*

[18] *Emmanuel Brunet-Jailly, "Cascadia in Comparative Perspectives: Canada–US Relations and the Emergence of Cross-Border Regions," Canadian Political Science Review 2, no. 2 (2008): 104; Victor Konrad and Heather Nicol, "Border Culture, the Boundary Between Canada and the United States of America, and the Advancement of Borderlands Theory," Geopolitics 16, no. 1 (2011): 70, doi:10.1080/14650045.2010.493773; Kathryn Friedman, Charles Conteh, and Carol Phillips, "Cross-Border Innovation Corridors: How to Support, Strengthen, and Sustain Cross-Border Innovation Ecosystems," Niagara Community Observatory Policy Brief, no. 42 (2019), https://brocku.ca/.*

[19] *Tim James and Lisa Steacy, "Cross-Border Visits at Peace Arch Park Still Frustrating Surrey Residents, Politicians," News 1130, January 22, 2021, https://www.citynews1130.com/2021; Sydney Page, "There's a Loophole Along the Closed US–Canada Border, Couples are Getting Married There," The Washington Post, June 16, 2020, https://www.washingtonpost.com/lifestyle.*

Coast Salish peoples saw their lands, waters, familial connections, and seasonal circuits split apart by the international boundary between Canada and the US, established in the 1800s. Distinct systems of relationships and agreements now exist between sovereign Indigenous nations and BC/Canada and WA/US governments, codified in laws, treaties, and rights frameworks. Despite these differences and the border itself, community ties endure across the region. A noticeable example of disruption to community connection due to the pandemic is the cancellation of the annual Tribal Canoe Journeys event. Since 1989, different nations in BC and WA have acted as annual hosts for hundreds of canoes and thousands of visitors from BC, WA, Oregon, Alaska, and beyond to gather in celebration of Indigenous peoples of the coast. In 2020, the Snuneymuxw Nation on Vancouver Island, BC, cancelled plans to host the Canoe Journey, and in Fall 2020, the Tla'amin Nation postponed 2021 plans to host the event on its shores on the Sunshine Coast in BC. In the Snuneymuxw First Nation's cancellation announcement, Chief Mike Wyse stated, "[The Tribal Canoe Journey] is a way for our culture and tradition to be shared with the world. While large gatherings are our custom, the health risk due to COVID-19 is substantial, and we cannot bring thousands of people together for a number of days with the presence of a pandemic."[20] Even if the event had been held, the border restrictions would have likely made it exceedingly difficult for visitors from the US to travel to Snuneymuxw lands and waters across the Canada–US border.

## Cascadia's High Technology and Biotechnology Sectors

Over the past twenty years, both Seattle and Vancouver's high technology and biotechnology sectors have steadily grown to include over 420,000 professionals within the cross-border Cascadia region (approximately 120,000 in Vancouver[21] and approximately 300,000 in Seattle[22]) and are growing regional forces as well. With both Seattle-based Microsoft Corporation and Amazon.com's new and significant development facilities being established in Vancouver, there is anticipation that a more robust cross-border innovation corridor will emerge between Seattle and Vancouver over the next ten years, even in light of the ongoing COVID-19 restrictions along the Canada–US border. The following section draws on a recent study supported jointly by BPRI and the University of Victoria.[23] This research explored the cross-border ties between Seattle and Vancouver's high tech and biotech sectors during the select closure of the Canada–US border due to COVID-19 and found that there were complex advancements and responses for firms, research institutions, and their larger ecosystems in the Cascadia region.

The effects of COVID-19 appear to have generated limited economic impact on the companies interviewed for the study. Minimal economic fallout appeared to have negatively impacted smaller firms rather than larger firms. In fact, COVID-19 has created unprecedented opportunity for economic growth for several multinational companies located in the Cascadia region as well as a demand for highly skilled employees, even in light of the pandemic. As well, three Vancouver-based biotechnology firms are seen as superstars in the approach to fighting COVID-19. According to the general press, this includes Acuitas Therapeutics, a biotechnology firm based in BC, that provided technologies to Pfizer Pharmaceutical in its successful development of an effective vaccine against the coronavirus; Abcellera, a biotechnology firm also based in Vancouver, BC, that co-developed antibody products with Lilly Pharmaceutical for the treatment and future prevention of COVID-19; and, finally, Stemcell Technologies that produced medical products that were used in over 30 COVID-19 research studies worldwide.

[20] *"CANCELED - Snuneymuxw First Nation to Host Tribal Journeys 2020," Snuneymuxw First Nation, March 30, 2020, https://www.snuneymuxw.ca/press-coverage/canceled-snuneymuxw-first-nation-host-tribal-journeys-2020.*

[21] *KPMG and BC Technology Industries Association [TIA], "2020 BC Technology Report Card," Vancouver, BC: BC TIA, November 2020, https://drive.google.com/file/d/1Q4P0HPByY-LH6d1C7pvnG6T5Q9Byc4dE/view.*

[21] *"Tech Employment in Washington Grows by 14,000 Plus Net New Jobs," Computing Technology Industry Association, April 21, 2020, https://www.comptia.org/newsroom/2020/04/21/tech-employment-in-washington-grows-by-14-000-plus-net-new-jobs.*

[22] *Kathrine Richardson, "Knowledge Borders and the Cascadia Innovation Corridor: The Emergence of a Cross Border High Tech Cluster in the Canada–US Border Region and the possible Impact of COVID-19 on its Development" [Working Paper], Border Policy Research Institute, (2020).*

[23] *"Cascadia's Life Sciences Leading in the Global Fight Against COVID-19,"video file, 1:53:25, YouTube, posted by Business Council of BC, February 2, 2021, https://www.youtube.com/watch?v=xM82fxxXYoE.*



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Although the collaborative partnerships between these Vancouver-based biotechnology firms reaches beyond the Cascadia region to pharmaceutical companies and research institutions throughout the US and world, these regional success stories have begun to set an example and framework for future regional biotechnology collaboration between Vancouver, Seattle, and Portland as emphasized by the Cascadia Innovation Corridor's virtual conference on how Cascadia-based biotechnology firms are leading in the fight against the COVID-19.[24]

Most of the Cascadia firms interviewed were largely unaffected by the border restrictions, and the firms and employees were able to successfully pivot and work remotely. Although many have relations that span across the Canada–US border, they have the luxury of "negating the border" by not having to cross it for purposes of work. Thus, these firms and their employees are part of an elite that could "shelter in place," work from home, continue to earn a living, and ride out the pandemic.

## Cross-Border Collaboration in Action

There is a long-standing tradition of robust and resilient networks of cross-border collaboration in the Cascadia region. The combination of collaborative efforts across scales as well as the existence of organizations whose "day job" it is to foster cross-border ties, is unparalleled at any other region of the Canada–US border.[25] Indeed, it is a defining feature of Cascadia, symbolized not only by the existence of iconic monuments like the Peace Arch Park but also by the ongoing work of individuals and organizations. The border restrictions undoubtedly presented challenges to some of these efforts, yet also elevated the importance of the border in the region, drawing the attention of political leaders and community actors to be more intentional in fostering a cross-border dialogue.

Organizations such as the Cascadia Innovation Corridor (CIC), which have supported robust cross-border networks across sectors, continue to highlight the ways that the region is stronger together. The CIC was initiated by Microsoft Corporation in 2016 and is now underwritten by the BC Business Council and Challenge Seattle—two business groups that represent the largest and most powerful business interests in both Vancouver and Seattle. Broadly, the CIC supports public and private actors in an effort to coalesce around a common strategic innovation, development, and cultural vision for the Cascadia region and has created cross-border linkages in health sciences, higher education, and transportation, including a cross-border high-speed ground transportation study.[26] The CIC effort has also served to deepen cross-border connectivity for large, medium, and smaller-sized firms in addition to research institutes and universities in the Cascadia region.

Perhaps most importantly, the CIC initiative has helped to create not only a platform for policy and innovation advancement in the Cascadia region but has also created a "brain team" of the region's best and brightest to address a broad range of topics.[26] The border restrictions, which prompted an urgent need to incorporate public health data into the border screening process, brought together the tech talent in Seattle and Vancouver with the border expertise at the Pacific Northwest Economic Region (PNWER) and Border Policy Research Institute (BPRI) to develop new approaches to healthy mobility. One such example was the Cascadia Cross-Border Ideation Session, held in late February 2021, which was a joint effort by PNWER, the BPRI, Challenge Seattle, BC Business Council and Microsoft to discuss and develop feasible solutions to safe travel and gatherings, cross-border or otherwise.

Longstanding organizations such as PNWER, BPRI, and the International Mobility and Trade Corridor program (IMTC) pivoted quickly to address the impacts of the border restrictions specifically and the pandemic more broadly. Despite the inability to conduct in-person meetings and annual conferences, all of these entities have shifted to virtual platforms, many of which have garnered larger audiences than their in-person equivalents did. The annual CIC summit, which in past years had drawn an audience of 400-500 attendees to gather for a day and a half, garnered continual engagement over the course of several months in

[24] *Friedman, Conteh, and Phillips, "Cross-Border Innovation Corridors: How to Support, Strengthen, and Sustain Cross-Border Innovation Ecosystems."*

[25] *Washington's Office of the Governor, "Washington State to Create Cascadia Innovation Corridor to Promote Regional Economic Opportunities in Tech Industries," Washington's Office of the Governor, September 20, 2016, https://www.governor.wa.gov/.*

[26] *Francesco Cappellano, Kathrine Richardson, and Laurie Trautman, "Cross Border Regional Planning: Insights from Cascadia," International Planning Studies, (2020): 1, https://doi.org/10.1080/13563475.2020.1779672.*

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the series of virtual forums that were conducted in lieu of the 2020 summit, resulting in greater engagement.

In addition to the ongoing collaborations described above, a Cross-Border Task Force was hastily composed just weeks after the border restrictions were implemented. As part of a broader emergency response entity, the Whatcom Unified Command's Cross-Border Task Force was initially composed of stakeholders including US Customs and Border Protection, the Canada Border Services Agency, the local hospital, an immigration attorney, and others who play a key role in the cross-border landscape. This entity has since expanded and merged to include broader government actors across scales on both sides of the border, including local mayors, the Canadian Consulate, and County health officials. The Cross-Border Task Force has met continually since April 2020, and has proven to be a key forum for border communities to stay connected and updated. At its most basic level, this has kept stakeholders informed on the restrictions and issues encountered at the ports-of-entry.

A broader advocacy role has also been achieved through this collaboration by establishing a conduit between the border communities in the US and the WA Governor's Office, congressional senators, and members of Congress. The commitment and perseverance by local and regional actors not only to continue to collaborate across the border but also to advance solutions to the current crisis has been remarkable. Numerous letters were sent to branches of the Canadian and US federal governments, and other outreach efforts advanced to advocate for the region and draw attention to the impacts of the border restrictions.

## Conclusions

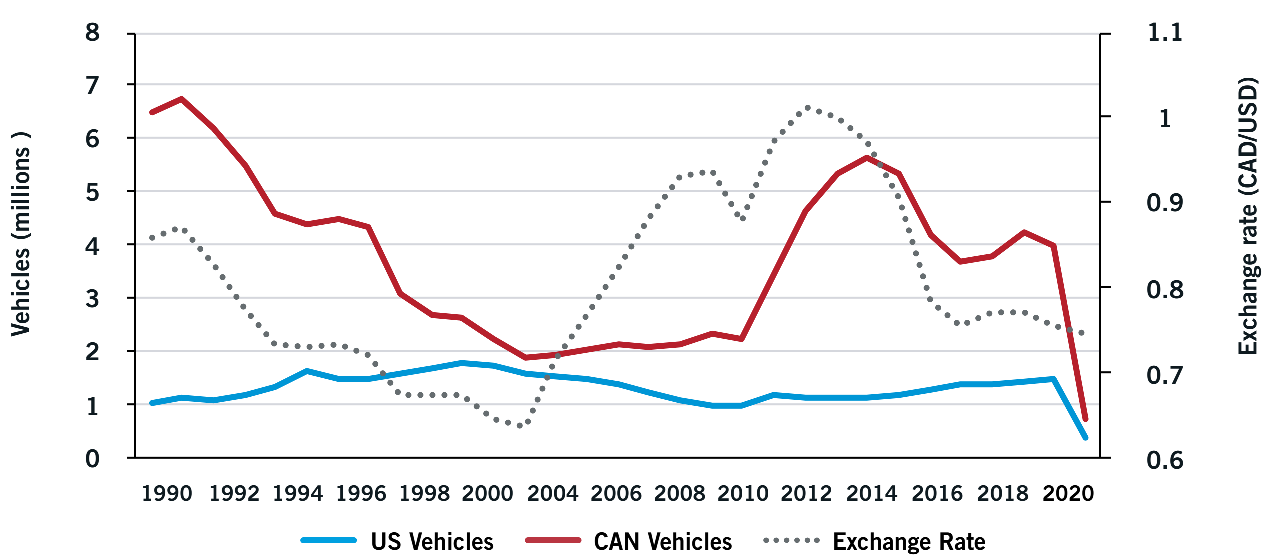
While the full impact of the border restrictions remains to be seen, it is clear that we are facing both short-term and long-term consequences. The former have direct impacts on retail spending, tourism, families, and property owners, while the latter could lead to adjustments not only in consumer spending and tourism but also in foreign direct investment and supply chain relationships. In addition, the business partnerships and collaborative relationships that have built up over time could weaken from a lack of face-to-face interaction. This can affect trade scenarios and other business negotiations that require trust and relationship building.

It is difficult to predict how the border restrictions and the COVID-19 pandemic will influence cross-border travel in years to come. Historically, the exchange rate between the US dollar (USD) and Canadian dollar (CAD) has been a powerful determinant of Canadian crossing volume in the region, though its power has varied throughout time (Figure 2). For example, the relationship between the exchange rate and Canadians crossing weakened in the years following 9/11 and did not resume its strength until 2010. In fact, even at the peak of the value of the CAD around 2012, volumes barely rose above those in the 1990s, when the CAD was much weaker and the population of the Lower Mainland much smaller. The policy responses in the post-9/11 years, including the new document requirements under the Western Hemisphere Travel Initiative, highlight how external events and policy responses can influence cross-border travel, particularly when that travel is primarily for discretionary purposes. This correlation has again been disrupted with the COVID-19 pandemic.

It is highly possible that the border restrictions have remained in place long enough for Canadians to adjust their shopping habits and consumer behavior to re-orient away from cross-border travel. Much will depend on infection rates and a better understanding of the virus, which will inform British Columbians' decisions about cross-border travel and whether or not it is worth it to resume pre-pandemic shopping habits and travel to the big box stores in WA. In the meantime, like most borderland communities, places that typically benefit from cross-border travel are disproportionately impacted by the double blow of the pandemic and the border restrictions. In WA, these are largely rural places that will suffer a longer recovery even after the pandemic is under control.

On a broader scale, cross-border collaboration in Cascadia has strengthened amid the border restrictions, including amongst the tech sectors in Seattle and Vancouver that have continued to expand despite the pandemic. This underscores the enduring value of working together in times of crisis. This defining feature of the Cascadia region bodes well for "building back better" *together*.

***Cascadia Figure 2. US-bound vehicle traffic through the Cascade Gateway (excluding Pt. Roberts) & CAD/USD exchange rate, 1990-2020***




*Sources: Table 24-10-0002-01, Statistics Canada; CAD/US Exchange Rate, Federal Reserve Bank of St. Louis*

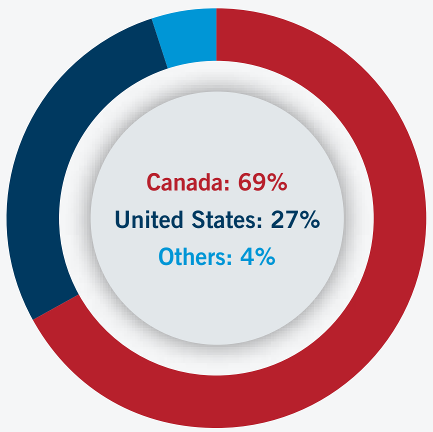
Crossing Volumes through Region (2019)

**Travelers**

1.2M = 2% of all entries

Change during restrictions = -95%

**Traveler by Residency**




**Truck Traffic**

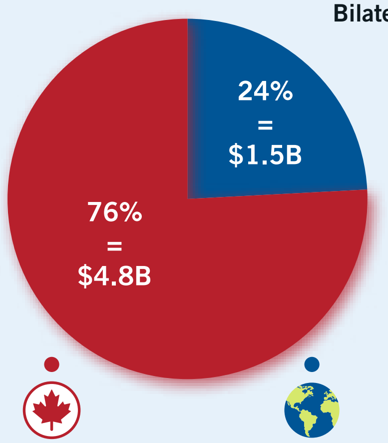
176K = 3% of all truck traffic

Change during restrictions = -9%

Trade Between Montana and Canada (2019)

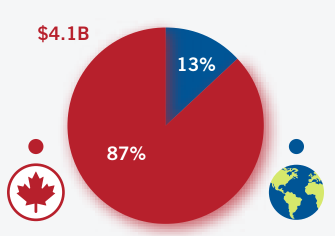
Exports to Canada = 1.4% OF MT'S GDP

**Bilateral Trade with Canada**

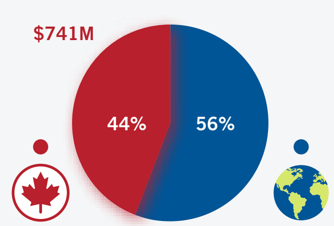



Change during restrictions = -24%

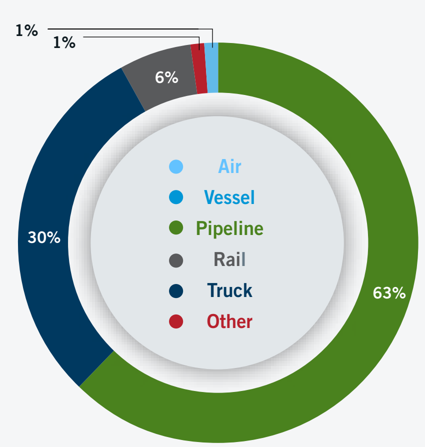
**Imports from Canada**




**Exports to Canada**




**Bilateral Trade by Mode**




#1 Import from Canada
(HS27) Mineral Fuels
VALUE = $3.1B

#1 Export to Canada
(HS24) Tobacco And Substitutes
VALUE = $229M



## Plains-Mountain West[1]

*Geoffrey Hale, Department of Political Science, University of Lethbridge*

**Key Highlights:**

- The commodity-based character of the region's trade means it is carried either by pipeline or rail, in contrast to other border regions.
- Alberta is exceptional among Canadian provinces in generating substantially more cross-border travelers by air than land which bifurcates cross-border tourist travel between border regions dependent on car travel and more distant centers connected by air.
- Communities worked effectively to respond to the May 2020 collapse of a segment of the century-old St. Mary Diversion Canal, which required cooperation among US federal, state, and tribal agencies and federal and provincial Canadian entities, underscoring the ongoing need for infrastructure renewal and improved provisions for cost sharing on major projects among US federal and state governments and regional stakeholders.

Cross-border relations between the Great Plains, Rocky Mountain states, and Canada's Prairie provinces are heavily segmented among different commodities, travel, and transport modes. This analysis addresses cross-border economic and societal connections in three border states in the Plains-Mountain region, which includes North Dakota, Montana, and Idaho, and the Canadian provinces of Alberta, Saskatchewan, and Manitoba.

Cross-border trade and travel relations in the Plains-Mountain West region reflect significant economic differences among states and provinces, together with

*[1] The state of Idaho was not given an infographic in this section due to its limited border with Canada and space constraints in this report. However, some of the same information is shared here for comparison purposes. In 2019, Idaho's shared border with Canada processed 1% of all land-travelers and 1% of truck entries into the US. Like other regions, the majority of the crossers in this region are Canadian (67%). In 2019, about 24% of Idaho's bilateral trade was with Canada. Its top import from the country was mineral fuels and top export was natural minerals including pearls and precious stones. While travelers across the border decreased by 97% from Apr-Dec 2019 to Apr-Dec 2020, bilateral trade with Canada actually increased by 29%. If Idaho were a region in itself, it would have experienced the second-greatest drop in cross-border traffic (second only to Alaska) and would have been the only "region" where bilateral trade with Canada grew, rather than shrank.*

considerable population dispersion and major population centers at considerable distances from the border, as illustrated in the two separate state infographics that accompany this section. The 1448-km/900-mi-long border region (Idaho: 72 km/45 mi, Montana: 877 km/545 mi, North Dakota: 499 km/310 mi) is among the most lightly populated stretches of Canada's border with the lower 48 states. All three states straddle trade corridors for long-haul truck, rail, and pipeline freight to more distant markets. Additionally, all three states have distinctive economic and social relationships with neighboring Canadian provinces.

The border cities across the Plains–Mountain region of Grand Forks and Minot, North Dakota; Great Falls and Kalispell, MT; and Coeur D'Alene, ID, are generally between a one to two-hour drive from the nearest major border crossing and often another hour or more from the nearest Canadian city, such as Winnipeg and Brandon, Manitoba, and Lethbridge and Medicine Hat, Alberta. Other crossings have served local communities along the border. Most of the region's largest Canadian cities are located considerably farther from the border, with Minneapolis and Seattle the only border state cities west of the Great Lakes with direct air connections to Canada.

## Trade

Canada remains the largest export market for all three Plains–Mountain states. Spurred by substantial energy exports from its Bakken formation shared with Saskatchewan, North Dakota is Canada's largest trading partner in the border region, followed by Idaho (led by semiconductors and integrated circuits and jewelry in 2020), and Montana (led by mineral exports, especially coal and copper). By contrast, Canadian exports have been widely distributed throughout the Great Plains and Midwest regions, particularly oil and natural gas exports from Alberta; potash and oil from Saskatchewan; and pharmaceuticals and diversified agri-food products, especially wheat, pork, and canola, from Manitoba. However, Alberta provides a disproportionate share of the region's exports: 78.7% in 2019 and 76.4% in 2020 compared with 63.4% of its population, due largely to its energy exports, with plastics and agri-food exports accounting for smaller shares of cross-border trade.

***Plains-Mountain West Table 1. Cross-border freight flows in the Plains-Mountain West region by mode of transportation, 2019****

| State | Truck | Rail | Pipeline | Air | Other |
|---|---|---|---|---|---|
| Idaho | 61.5% | 30% | 0% | 8.2% | 0.2% |
| Montana | 29.5% | 6.1% | 63.1% | 0.7% | 0.6% |
| North Dakota | 37.3% | 8.4% | 50.8% | 0.4% | 3.1% |
| Region Total | 38.1% | 10.6% | 47.9% | 1.5% | 1.9% |

** Value of shipments originating in or shipped to border state; does not include shipments passing through region to other jurisdictions.*
*Source: USA Trade, US Census Bureau*

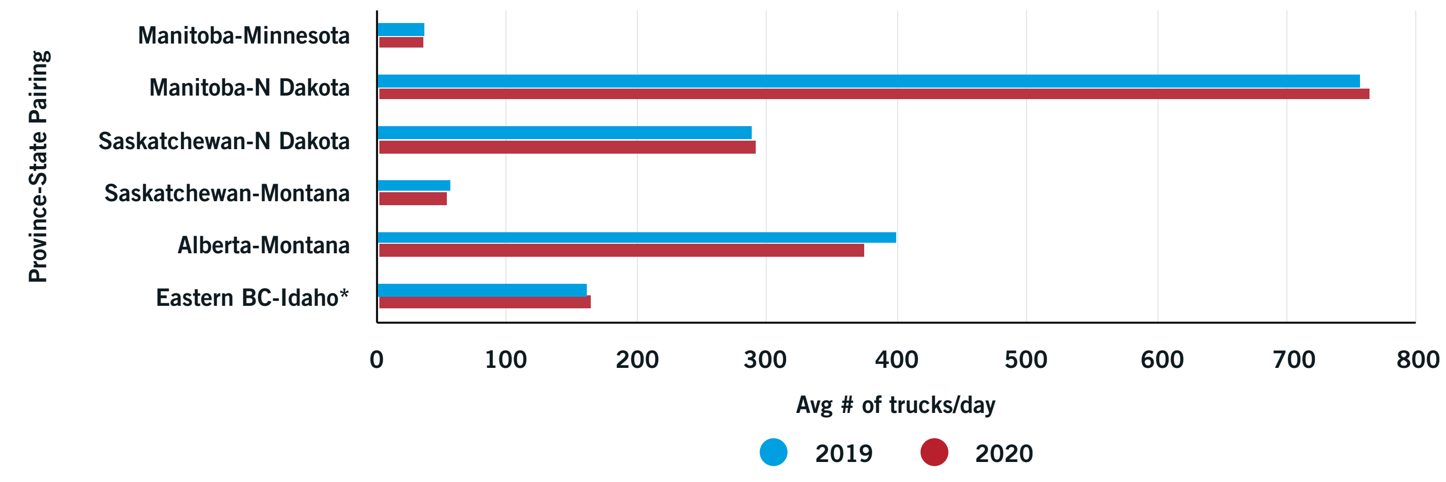
Cross-border freight flows varied substantially by state in 2019 as summarized in Table 1. Pipelines are the most significant source of two-way trade flows in Montana (southbound) and North Dakota (northbound), based on the ultimate source or destination of traded products. Truck freight is most important to Idaho, and second most important in Montana and North Dakota. Idaho's two-way trade is also more dependent on rail and air freight, with the former reflecting long-distance shipments of bulk commodities and the latter reflecting high-value added shipments, including jewelry trade.

The interdependence of regional economies for numerous products made the maintenance of supply chains supporting cross-border trade flows a key priority following the onset of the pandemic in March 2020. Supply chain disruptions led to an average of a 19% reduction in truck crossings across the three states in April and May 2020 compared with the previous year. However, overall 2020 crossing volumes only dropped by an average of 4.2% at the 37 ports-of-entry across the region (noted in Figure 1) despite sharp drops in two-way traffic between April and June (noted in Figures 2 and 3), with slight overall increases in North Dakota and Idaho and a 6% reduction in Montana. However, the commodity-based character of much cross-border trade—energy, agri-food, and wood products from Alberta; refined and unrefined



Plains-Mountain West

***Plains-Mountain West Figure 1. Truck traffic volumes crossing into Plains-Mountain States, 2019 vs. 2020***



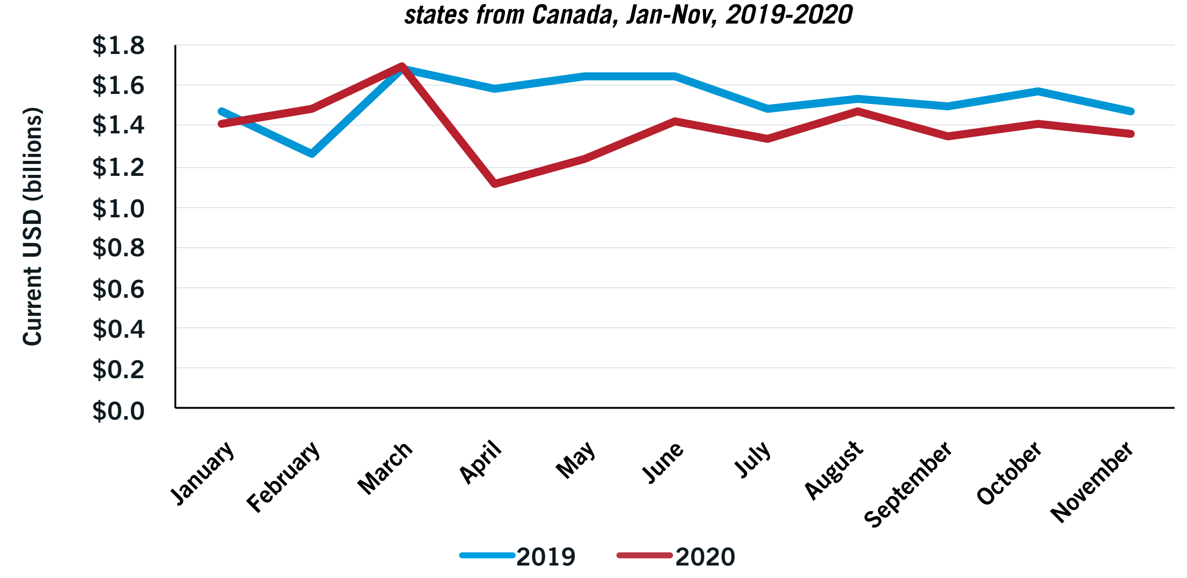

**Includes East Kootenays crossings with Idaho.*
*Source: Transborder Freight Data, US Bureau of Transportation Statistics*

energy products from North Dakota; mineral products from Montana; and oil, potash, and agri-food products from Saskatchewan and Montana (live animals, grains, oilseeds, and processed foods); and fertilizer, cattle, and diversified manufacturing from Idaho—has meant that **much of the region's trade is carried either by pipeline or rail, in contrast to other border regions**.

The pandemic has been particularly disruptive for heavily integrated meat-processing industries in both countries, with plant closures or slowdowns at large-scale concentrated beef (Alberta, Utah, Washington) and pork (Manitoba, Iowa, South Dakota) processing plants in April and May 2020, creating major animal processing backlogs for several months. Adaptive measures by industry reduced these disruptions substantially during the second COVID-19 wave (October 2020-March 2021), despite selected plant closings and shutdowns.

Cross-border freight traffic is concentrated on six ports-

***Plains-Mountain West Figure 2. Value of truck imports into Plains-Mountain West states from Canada, Jan-Nov, 2019-2020***




*Source: Transborder Freight Data, US Bureau of Transportation Statistics*

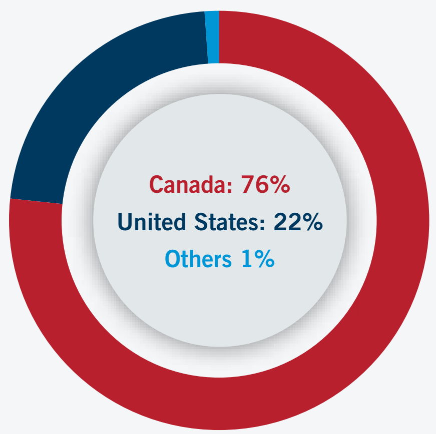
Crossing Volumes through Region (2019)

### Travelers

1.2M = 2% of all entries

Change during restrictions = -94%

### Traveler by Residency




### Truck Traffic

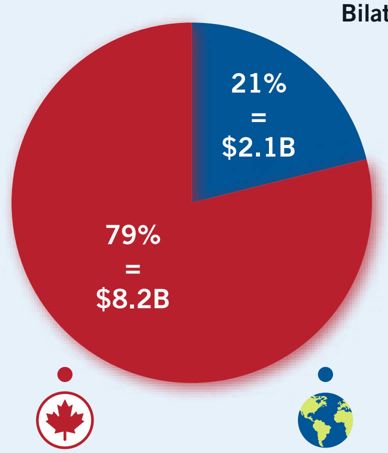
381K = 7% of all truck traffic

Change during restrictions = -7%

Trade Between North Dakota and Canada (2019)

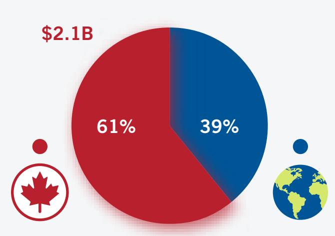
Exports to Canada = **10.7% OF ND'S GDP**

### Bilateral Trade with Canada

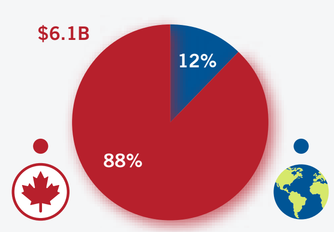



Change during restrictions = -37%

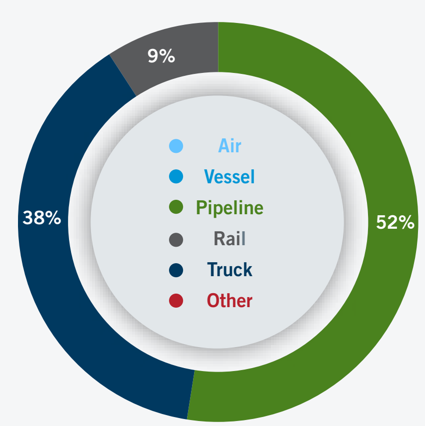
### Imports from Canada




### Exports to Canada



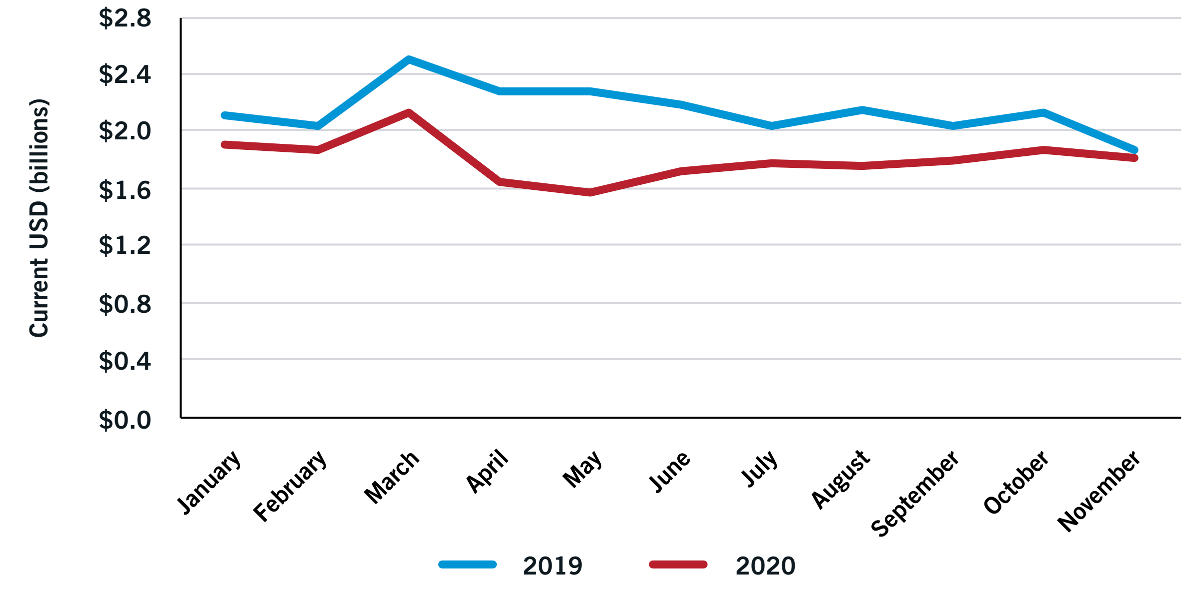

### Bilateral Trade by Mode




**#1 Import from Canada**
(HS84) Nuclear
VALUE = $435M

**#1 Export to Canada**
(HS27) Mineral Fuels
VALUE = $4.7B

*Plains-Mountain West Figure 3. Value of truck exports from Plains-Mountain West states into Canada, Jan-Nov, 2019-2020*




of-entry on the region's 1448-km/900-mi of border, which accounted for 86% of the region's truck crossings in 2019: Pembina-Emerson (ND-MB, I-29: 35.0%); Sweetgrass-Coutts (MT-AB, I-15: 22.4%); Portal (ND-SK, US-52: 12.9%); Eastport-Kingsgate (ID-BC, US-95: 8.8%); Dunseith-Boissevain (ND-MB, US-281: 3.9%); and Raymond-Regway (MT-SK, MT-16: 3.0%).

## Cross-Border Travel

Cross-border travel flows have been far more regionally varied and seasonal, even before the pandemic. The intensity and seasonality of cross-border auto travel reflects the relative size of active cross-border communities and seasonal tourist traffic in addition to major trade and travel corridors for longer-haul travelers. The former is more visible in the eastern half of North Dakota and the Kootenay region bordering the Idaho Panhandle, the latter along tourism corridors near the Lake of the Woods, bordering Minnesota, and Montana's western crossings with Alberta and British Columbia, bordering the Flathead valley and Glacier National Park, which host hundreds of thousands of Canadian visitors and vacation-home owners annually. Other areas, such as eastern Montana, are sparsely populated with long distances between ports-of-entry.

**Alberta is exceptional among Canadian provinces in generating substantially more cross-border travelers by air than land.** Table 2 (next page) reflects the greater distance of Alberta's major cities, Calgary and Edmonton, from the US border, although these figures include connecting flights from other provinces. Most cross-border flight corridors link the Canadian Prairies' major cities with major airport hubs in the US Midwest, Great Plains, and Mountain States: Chicago, Minneapolis, Denver, Salt Lake City, Phoenix (and California), most of which (except for Seattle) are far from the border. **This reality bifurcates cross-border tourist travel between border regions dependent on car travel and more distant centers connected by air.**

Border measures negotiated between the US and Canadian federal government in March 2020 strictly limited non-essential cross-border travel, although modest levels of tourist travel (by air) continued until more stringent measures were introduced in early 2021. Cross-border air travel dropped 70% to 80% year-over-year between 2019 and 2020, and by more than 95% after travel restrictions were introduced in March 2020. Cross-border land travel dropped between 90% and 95% in most jurisdictions across the region during the same period and 73% to 83% year-over-year, with substantial effects on major tourist regions in North Dakota, Montana, and Idaho. A pilot project between November 2020 and February 2021 at the Sweetgrass/Coutts port-of-entry and Calgary International Airport provided COVID-19 screening for all persons entering Canada in return for a reduced quarantine period for all who tested negative. Travelers between the lower 48 states and Alaska were limited to a handful of major ports-of-entry, registered, and required to take the shortest routes, with risks of major fines for non-compliance.

## Cross-Border Societal and Interest Group Connections

Bi-national networks and collaboration between Montana and its Canadian neighbors are typically sector specific, and shaped by demographic factors, similarities or differences in industry, related legal structures and competitive positions, and in some cases, historical ethno-cultural linkages.

Canadian provinces are associate members of the Western Governors' Association and Council of State Governments-West, which provide cross-border linkages and whose activity varies over political and economic cycles.

Alberta, Montana, and Idaho have long been members of the Pacific NorthWest Economic Region (PNWER), headquartered in Seattle. A joint public-private sector body linking five Pacific Northwest US states (Alaska, Idaho, Oregon, Montana, Washington), five Canadian provinces/territories (British Columbia, Alberta, Saskatchewan, Yukon and the Northwest Territories), PNWER's activities are divided among more than 20 ongoing working groups. Historically, those working groups of greatest importance to Montana, Alberta, and Saskatchewan have involved a mix of agri-food issues (agriculture, cross-border livestock health), energy, and environmental issues (e.g. water, invasive species), with the latter having significant tourism and recreational implications as well. PNWER's activities—both representational activities to state and provincial capitals and committee activities—have been carried out through virtual meetings in 2020-2021.

One of the most effective working groups is the cross-border livestock health committee, which brings together cattle ranchers and feedlot operators from border states and provinces and federal food safety officials from both Canada and the US. Discussions are highly technical and operationally-focused but appear to have contributed to incremental improvements in processes for both screening and facilitating cross-border cattle shipments, including the incremental development of new technologies that increase efficiency and reduce animal stress.

Cross-border tourism networks have also functioned for a number of years, including the Crown of the Continent network that promotes geo-tourism, linking national parks, forests, and major tourism and recreational areas along the front range of the Rocky Mountains and the upper Columbia River basin. More localized forms of cooperation have sought to promote the Two-Nation Vacation concept such as the International Selkirk Loop that links border areas of the British Columbia Kootenays with neighboring parts of Montana and Idaho. As noted above, cross-border and wider international tourism has been hit hard by the pandemic in the cross-border Rocky Mountain region as in most major tourist regions along the border.

*Plains-Mountain West Table 2. Cross-border air and land travel comparison & percentage change, 2019 vs. 2020*

| Origin/Destination | 2019 | 2020 | Annual % change | Apr-Dec % change |
|---|---|---|---|---|
| US-Canada flight passengers | | | | |
| Calgary International Airport | 3,527,257 | 817,940 | -77% | -96% |
| Edmonton International Airport | 970,895 | 209,154 | -79% | -100% |
| Winnipeg International Airport | 482,950 | 133,927 | -72% | -98% |
| US-Canada passenger vehicle occupants | | | | |
| BC/Alberta-Idaho/Montana | 1,042,621 | 173,755 | -83% | -95% |
| Saskatchewan | 365,728 | 78,112 | -79% | -93% |
| Saskatchewan-Montana | 98,531 | 21,234 | -78% | -93% |
| Saskatchewan-North Dakota | 267,197 | 56,878 | -79% | -93% |
| Manitoba | 1,088,258 | 222,186 | -80% | -94% |
| Manitoba-North Dakota | 928,964 | 178,805 | -81% | -95% |
| Manitoba-Minnesota | 159,294 | 43,381 | -73% | -87% |

*Source: USA Trade, US Census Bureau*

Cooperation on water issues takes several forms. Montana, Alberta, and Saskatchewan share the Milk River watershed. Cooperation is structured by the provisions of the 1909 Canada–US Boundary Waters Treaty and the 1921 Apportionment Order allocating water between the St. Mary and Milk Rivers, which both rise in Glacier National Park and flow into Canada. The prevalence of irrigation-supported agriculture in both Montana and Alberta, annual variability of (and domestic competition for) water supplies, and different legal and interest group structures in each country contribute to parallel domestic management systems rather than an integrated cross-border water management process.

However, the two sets of communities worked effectively to respond to the May 2020 collapse of a segment of the century-old St. Mary Diversion Canal, which links the two river basins. Water irrigation was cut off for five months on both sides of the border before major repairs could be completed. The construction project, located in a remote area of the Blackfeet Reservation two miles from the Canada–US border, was facilitated by the reopening of a long disused port-of-entry at Emigrant Gap near Cardston, AB, to construction vehicles from Canada. **The project required cooperation among 44 US federal, state, and tribal agencies and eight federal and provincial Canadian entities, drawing attention to the ongoing need for infrastructure renewal and improved provisions for cost sharing on major projects among US federal and state governments and regional stakeholders.**

Montana and British Columbia also share the Flathead and Kootenay River basins, which are part of the wider Columbia River Treaty negotiation process.

The shared use of border waters has prompted the emergence of several cross-cutting interest networks including recreational users (especially in the Lake Koocanusa region), environmental networks concerned with water quality, Native American tribal and First Nations communities with overlapping but sometimes cross-cutting issues, and separate domestic networks centered on both nations (and BC) negotiating entities established to coordinate each country's negotiating positions. PNWER has provided a regular forum for discussion of these issues. Conflicts over proposed resource developments in the North Flathead watershed in British Columbia appear to have subsided for the time being. Growing concerns over the spread of zebra and quagga mussels and other invasive species has contributed to cross-border cooperation between provincial and state environment departments on the screening of watercraft at borders and near major recreational areas of Montana.

Three other significant cross-border networks involve historic and ongoing cultural linkages among First Nations and Native American tribal communities. East of the Rockies, there are close ties between the nations (Siksika, Kainai, Piikani) of the Blackfoot Confederacy and the Blackfeet Nation of Montana, centered on Browning, MT. West of the front range, the Ktunaxa Nation of British Columbia has long-standing relations with the Confederated Salish and Kootenai Tribes of western Montana and the Kootenai Tribe of Idaho. In northeastern Montana, the Fort Peck Assiniboine and Sioux nations have historic relations with Treaty 4 First Nations living in southern Saskatchewan. These communities enjoy rights of border passage under historic Jay Treaty (1795) rights supplemented by arrangements with national border management agencies to integrate post-9/11 security measures with historic rights.

Upper Midwest

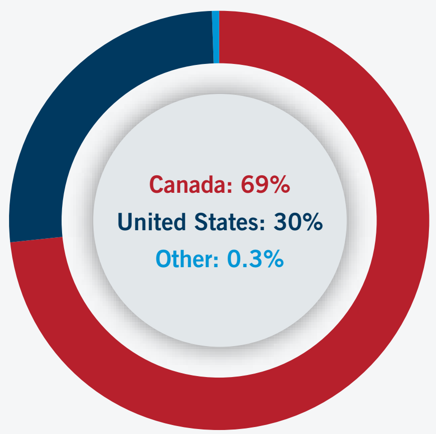
Crossing Volumes through Region (2019)

### Travelers

1.5M = 3% of all entries

Change during restrictions = -97%

### Traveler by Residency




### Truck Traffic

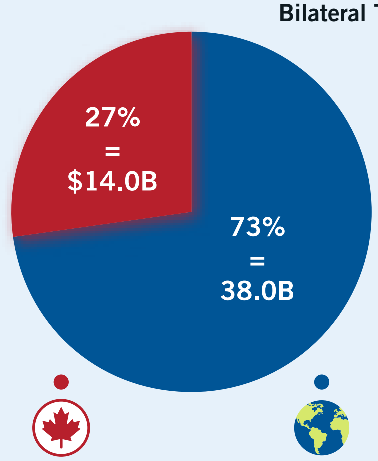
34K = 1% of all truck traffic

Change during restrictions = -5%

Trade Between Minnesota and Canada (2019)

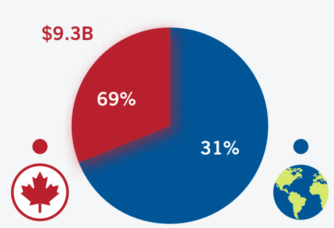
Exports to Canada = **1.2% OF MN'S GDP**

### Bilateral Trade with Canada

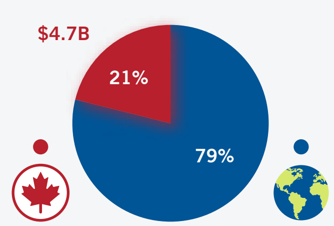



Change during restrictions = -16%

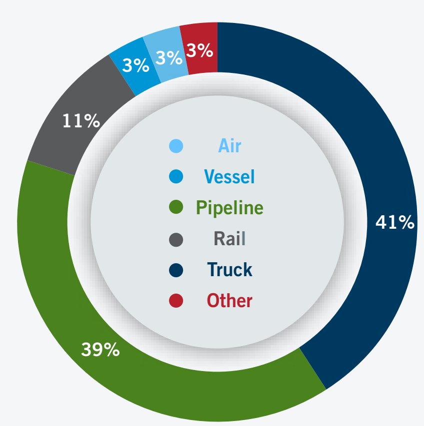
### Imports from Canada




### Exports to Canada




### Bilateral Trade by Mode




**#1 Import from Canada**
(HS27) Mineral Fuels
VALUE = $5.8M

**#1 Export to Canada**
(HS84) Nuclear
VALUE = $735B



## Upper Midwest

### *Bureau of Business and Economic Research[1], Labovitz School of Business and Economics, University of Minnesota - Duluth[2]*

**Key Highlights:**

- While the Upper Midwest region may not see the same volume of truck and vehicle crossings as some parts of the country, the region has a strong presence when it comes to commodity shipments across the border. In 2019, 31.5 million tons of waterborne commerce was shipped through the Duluth–Superior port, nearly 20% of which (5.9 million tons) was either on its way to or coming from Canada.[3]
- Similarly, the land port-of-entry just east of International Falls sees the most railroad cars—both imports and exports—in the US. In 2019, these rail cars shipped a combined $11.7 billion (USD) of imports and exports across the border. Of that total, 75% of shipments ($8.7 billion [USD]) were imports from Canada.
- The Duluth–Superior port saw a reduction of approximately 30 Canadian vessels (20%) in 2020 over the previous November's annual statistics. However, this decline in shipments was due not to border restrictions but rather to shifts in consumer demand, supply chain issues, and shifts in global demand for food products.

[1] *Monica Haynes, Director; Gina Chiodi Grensing, Writer/Editor; Nathan Brand, Undergraduate Research Assistant; Haakan Thorsgard, Undergraduate Research Assistant.*

[2] *The Bureau of Business and Economic Research (BBER) at the University of Minnesota Duluth's (UMD) Labovitz School was contacted by the Consulate General of Canada in Minneapolis as an unbiased research entity. Publication and dissemination of this report, or any of its data, is not an endorsement by the BBER/UMD of the Consulate General of Canada. The BBER was asked to supply an economic analysis only. This analysis does not consider the social or environmental impacts of the project and should not be viewed as a cost benefit analysis or environmental impact assessment.*

[3] *"Port of Duluth-Superior Marine Tonnage Report – January 2021 & Season Final 2020," Duluth Seaway Port Authority, February 2021, https://duluthport.com/navigation-season-tonnage-reports/.*

[4] *US Department of Transportation, "TransBorder Freight Data," US Bureau of Transportation Statistics, accessed February 2021, https://www.bts.gov/transborder.*

- The main reason for the shipping decline was a drop in iron ore exports to Canada. The drop in demand for iron ore was the result of a decline in auto manufacturing, increased concentration placed on employee safety, and supply chain issues.
- The total value of shipments moved across the border at the International Falls port-of-entry in 2020 was $8 billion (USD)[4], 28% lower than the value in 2019. When comparing month by month, shipments began to lag in April 2020 compared with the previous year and did not fully return to normal levels until about October.

## Introduction

The state of Minnesota has a strong and important relationship with its northern national neighbor. The trade relationship between Minnesota and Canada has a major influence on the state's economy ($14.0 billion in bilateral trade in 2019). The port of Duluth–Superior, located at the westernmost tip of the Great Lakes–St. Lawrence Seaway, moves millions of tons of cargo each year, a significant portion of which is on its way to or from Canada. Beyond the grand scale of the bilateral trade are the border region's small but vibrant communities and numerous resorts and vacation homes that are enjoyed by residents of both areas.

This regional profile, prepared by the Bureau of Business and Economic Research (BBER) at the University of Minnesota Duluth for the Canadian Consulate General in Minneapolis, explores the cross-border connections between the state of Minnesota and its neighboring Canadian provinces of Ontario and Manitoba and highlights the impacts of the COVID-19 border restrictions on these connections, as well as the broader impacts of COVID-19 on the region's GDP, trade, and shipping levels. This profile also includes a special focus on the rail port-of-entry at Ranier, MN, and the shipping port of Duluth–Superior.

According to the USA Trade, published by the US Census Bureau, Minnesota reported $14.0 billion (USD) in bilateral trade with Canada ($9.3 billion in imports and $4.7 billion in exports, USD) in 2019. More than one quarter of the state's total bilateral trade value was with Canada, making Canada the state's largest trading partner. Minnesota's number one import from Canada was mineral fuels, including coal, crude oil, and electrical energy, and the state's top export to Canada was machinery and mechanical appliances. In 2019, exports to Canada represented 1.2% of the state's $383.7 billion (USD) gross state product (GSP).[5]

While the economic center of the state of Minnesota is located in the Twin Cities metro area, which includes Minneapolis, St. Paul (Minnesota's capital), and the seven metro counties surrounding the two cities, Minnesota's northeastern region, bordered by Ontario to the north and Lake Superior to the east, is an important part of the Canada–Minnesota border relationship. Often referred to as the Arrowhead Region, due to its distinctive shape, the predominantly rural area encompasses seven counties with 18,222 square miles (47,195 km) and is home to 322,073 residents.[6] The primary industries in the region include tourism and iron mining, iron ore being the state's third most exported commodity.[7]

Compared with many of the states in the eastern Great Lakes area, Minnesota's Arrowhead region does not have a high level of border crossings for personal vehicles. In fact, according to the crossing data from the US Bureau of Transportation Statistics, three of Minnesota's eastern ports-of-entry (Grand Portage, International Falls, and Baudette), which combined represented 83% of the movement of people across the Minnesota land border, saw a total of 728,800 personal vehicle border crossings in 2019. This is a small fraction of some of the country's busiest ports-of-entry, such as Buffalo–Niagara, NY, (4.9 million personal vehicle crossings in 2019) or Detroit, MI, (4.5 million crossings). Of the three eastern Minnesota ports-of-entry, International Falls had the highest number of crossings, at 365,697 in 2019.

Similarly, while $5.7 billion (USD, 41%) of Minnesota's bilateral trade value was shipped by truck in 2019, only $600 million (USD) in truck shipments moved across the state's border at one of the region's three ports-of-entry.[8] Instead, most of the state's imports and exports are transported via Chicago and southwest Ontario and cross the border at the Detroit River or Port Huron ports-of-entry.

[5] "Gross Domestic Product by State," US Bureau of Economic Analysis, accessed January 2021, https://www.bea.gov/data/gdp/gdp-state.
[6] "Arrowhead Region," Wikipedia, accessed February 2021, https://en.wikipedia.org/wiki/Arrowhead_Region.
[7] US Department of Transportation, "TransBorder Freight Data."
[8] US Department of Transportation, "TransBorder Freight Data."



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While the Arrowhead region may not see the same volume of truck and vehicle crossings as other parts of the country, the region has a strong presence when it comes to commodity shipments across the border. The port of Duluth–Superior, due to its geographic location at the westernmost tip of the Great Lakes–St. Lawrence Seaway—2,342 miles from the Atlantic Ocean—is known as the "Great Lakes cargo capital." The port moves millions of tons of bulk material each year, including coal, limestone, grain, and iron ore. In 2019, 31.5 million tons of waterborne commerce was shipped through the Duluth–Superior port, nearly 20% of which (5.9 million tons) was either on its way to or coming from Canada.[9]

Similarly, the border port-of-entry just east of International Falls sees the most railroad cars—both imports and exports—of any port-of-entry in the US and more than double the volume of any other rail crossing points on the Canada–US border, according to US Customs and Border Protection. Due to its centralized location along the Canada–US border, the Ranier rail port-of-entry sees shipments from all over North America. In 2019, more than 800,000 rail cars crossed the border in the tiny town that has a population of 199 people. In total, these rail cars shipped a combined $11.6 billion (USD) of imports and exports across the border. Of that total, 75% of shipments ($8.7 billion [USD]) were imports from Canada, $5.3 billion (USD) of which came from Alberta. By comparison, the three US states of Texas, Louisiana, and Wisconsin combined were the source of roughly $1.1 billion (USD) in US exports to Canada.[10]

## Regional Impacts from Border Restrictions and COVID-19

The impacts of COVID-19 have affected nearly every aspect of Minnesota's relationship with Canada. The Canada–US border restrictions have had a significant impact on many communities along the state's northern border, particularly those that depend heavily on tourism. Additionally, the broader economic impacts of COVID-19 have caused a sharp drop in GSP, severely impacted trade between the two regions, and weakened the shipping, rail, and mining industries.

While the Arrowhead region does not see a particularly high level of personal vehicle crossings in a typical year, the restrictions enacted in spring 2019 essentially eliminated all movement by passenger vehicles across the border. According to the US Bureau of Transportation Statistics, the total number of passenger vehicles crossing into the US through Minnesota's three eastern ports-of-entry (Baudette, International Falls, and Grand Portage) was down 81% in 2020 compared with the previous year. And since April, passenger vehicle crossings have been down, on average, 97% each month compared with 2019 levels.

Among those most impacted by the border restrictions have been northern Minnesota resorts, which depend heavily on foreign visitors, as well as Minnesota residents who own properties across the border that they cannot access. A recent article in a Minnesota newspaper, the *Minneapolis Star Tribune*, quoted Minnesota's Eighth Congressional District representative, Pete Stauber, as saying, "[I have] heard from a number of concerned constituents whose businesses and livelihoods have been suffering since the US-Canadian border shut down nearly a year ago. I have also been contacted by a number of Minnesotans who own cabins across the border [who] are frustrated that they haven't been able to maintain or enjoy their property this past year."[11]

Nearly every industry in the state has seen significant negative effects from COVID-19. In terms of trade, Minnesota's bilateral trade value with Canada was down 12% between 2019 and 2020. When comparing imports and exports by commodity, it appears that much of the decline in the trade value between the two regions was driven by a decrease in the value of imported mineral products coming to Minnesota from Canada, largely a

[9] "Port of Duluth-Superior Marine Tonnage Report – January 2021 & Season Final 2020," Duluth Seaway Port Authority, February 2021, https://duluthport.com/navigation-season-tonnage-reports/.
[10] US Department of Transportation, "TransBorder Freight Data."
[11] Brooks Johnson, "Cancel Your Vacation Plans': Canada Tightening Border Rules Amid COVID-19 Pandemic," Minneapolis Star Tribune, February 15, 2021, https://www.startribune.com/cancel-your-vacation-plans-Canada-tightening-border-rules-amid-covid-19-pandemic/600023390/.
[12] US Department of Transportation, "TransBorder Freight Data."

Upper Midwest

result of the decline in the oil prices.[12]

Overall, Minnesota's GSP dropped significantly during the early months of the pandemic. In the second quarter of 2020, the state's GSP was down 9% compared with the same quarter in 2019. And while it has recovered significantly from its lowest level, the state's GSP has not yet returned to pre-COVID values. The third quarter value of the state's GSP was still 2% lower than what it had been in Q3 2019.[13]

However, it seems that in most cases the economic effects of COVID-19 were not the result of border restrictions specifically but rather from workforce shortages, weakened consumer demand, and supply chain disruptions, among other things.

## Effects on Key Regional Industries

The BBER made inquiries to numerous entities regarding experiences with disruption in business and impacts felt from the border closure and the economic downturn caused by COVID-19. The entities and their representatives that were contacted are noted below. The following section summarizes the interviews with these experts.

**Duluth Seaway Port Authority**

Deb DeLuca, Executive Director

Kate Ferguson, Director of Trade and Business Development

**BNSF Railway**

Justin Pearson, Regional Manager, Economic Development Team of ND/SD/MN/MT

Lydia Bjorge, Executive Director of Public Affairs

James Titsworth, General Director of Agricultural Marketing/Canadian Business Development

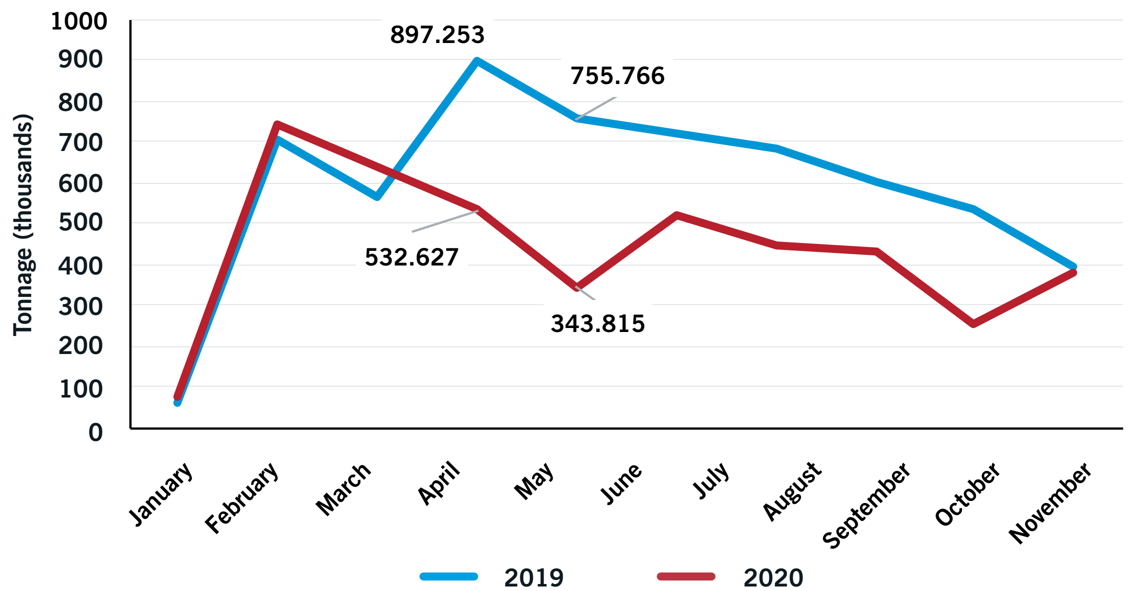
**Canadian National Railway**

David Woodruff, Assistant Vice President and Head of US Public and Government Affairs

**Iron Mining Association**

Kelsey Johnson, President

*Upper Midwest Figure 1. Month-by-month Canadian waterborne commerce at Duluth-Superior Port, 2019 vs. 2020*




*Source: Port of Duluth Superior Marine Tonnage Reports, Mar 2020-Dec 2020*

[13] "Gross Domestic Product by State," US Bureau of Economic Analysis, accessed January 2021, https://www.bea.gov/data/gdp/gdp-state.

## Duluth-Superior Seaway Port

In 2020, the port of Duluth–Superior shipped 23.5 million tons of waterborne commerce, a decline of roughly 25% compared with the previous year (31.5 million tons) and the port's lowest single-season total since 1938. As shown in Figure 1 below, 2020 shipping traffic began to deviate sharply from normal levels in June and July. Shipments were down between 27% and 55% every month between June and November of 2020, compared with the previous year, finally recovering to normal levels in December 2020.

Shipping from the Duluth–Superior port saw a reduction of approximately 30 Canadian vessels (20%) over the previous year per November's annual statistics, according to Deb DeLuca, Executive Director of the Duluth Seaway Port Authority. But there were "no restrictions because of COVID; nothing regulatory that altered the flow of goods."[14]

According to DeLuca and Kate Ferguson, Director of Trade and Business Development, this decline in shipments was due not to border restrictions but rather to shifts in consumer demand, supply chain issues, and shifts in global demand for food products. For example, early on in the pandemic, decreased consumer demand caused paper mills to shut down, and there was reduced demand for cellulosic pulp (oriented strand board, OSB, from Canada) resulting from a drop in new housing starts. Additionally, salt imports from Canada were down approximately 100,000 tons as of November—due in part to supply chain disruptions but also to mild winter weather conditions.

Conversely, Ferguson noted that "global demand for food products has greatly increased over the past year. The port of Thunder Bay, for example, is experiencing the best increase in grain shipments since possibly the 1990s." Ferguson pointed out that Canadian ships are not dedicated to certain cargo. If there isn't ore to transport, ships will carry other products, which revises shipping patterns. "We possibly saw a decrease in vessels in Duluth because they were carrying grain for Thunder Bay. It's the same number of vessels, they are just being used for different purposes."

Notably, some of the largest disruptions to the port's shipment levels in 2020 happened prior to the onset of the pandemic. Two large rail shutdowns in January and February related to protests factored into the rail and port tonnage as did a port strike in Montréal. It is hard to quantify those factors. But according to DeLuca and Ferguson, events that affect shipping ports "are not as disruptive as rail blockages" are.

## Iron Ore Mining

According to port tonnage reports, the main reason for the shipping decline was a drop in iron ore exports to Canada. Kelsey Johnson, President of the Iron Mining Association, explained that the decreased production was due to a few different factors.[15] First, a drop in demand for iron ore was the result of a chain reaction that began with automakers. In April/May 2020, the auto industry shut down—stopped producing cars—which created a domino effect across the industry affecting steelmakers and then ore companies, said Johnson

Second, the pandemic itself slowed production due to the concentration on employee safety. "If it wasn't for the steelmakers' fear of employees getting COVID, the iron ore mines would likely not have idled the plants." It was also harder to obtain certain materials, production equipment, and ancillary things. That slowed a lot of processes that were normally pretty efficient.

Three local mines—Hibbing Taconite, North Shore Mining, and Keetac—all idled, while a fourth, Minntac, had one or two lines that were stopped, said Johnson. The mines that idled primarily produce pellets for automobile manufacturing. All other local iron mines kept running because they supply a different steel market for the manufacture of items such as refrigerators and microwaves.

Despite the reduced demand, the iron mining industry didn't lose ground with the ability to ship, said Johnson. Even though 2020 did see a decrease in iron ore production of approximately seven to eight million tons, the industry locally has "a goal of reaching 300 million tons annually and that was surpassed" with approximately 31 million tons in 2020.

[14] Telephone interview, January 12, 2021.
[15] Telephone interview, January 29, 2021

Upper Midwest

Johnson noted that border restrictions did not appear to affect the mines directly but did have impact on the supply-based businesses in Canada. Sales calls by Canadian vendor companies to US clients have been impeded due to the border closure. “That has been a difficulty.” The natural flow of information hasn’t been as smooth as it was prior to the border closure. You might have seen people regularly at conferences, meetings, and other in-person events. Now people must make more effort to connect.

Looking ahead, Johnson has some trepidation for the future. “I have heard stories that steel is starting to stock up on China’s shores,” she said. “The steel supply was pretty low and prices spiked early in the year. It’s going to come down to trade policies. We’ll be looking to our Canadian partners to help.”

There is a sense that the future may be similar to that of 2015–2016, when the price of iron ore collapsed as a result of illegal steel dumping and a number of local mines were forced to idle or shut down permanently. “We hope that the [United States] International Trade Commission and World Trade Organization are watching for illegal practices to circumvent tariffs.”

## Rail Transportation

Many of the same trends noted in shipping and iron ore production were seen in the rail industry over the past year. The total value of shipments moved across the border at the International Falls port-of-entry in 2020 was $8.4 billion (USD), 28% lower than the value in 2019. When comparing month by month, shipments began to lag in April 2020 compared with the previous year and did not fully return to normal levels until about October. Over the summer months, 2020 shipment levels were roughly 45% lower than the previous year.

The International Falls port-of-entry is owned and operated by Canadian National Railway (CN) and is the US gateway to the company’s number one trans-border corridor. The trains that cross the border at International Falls typically come from Prince Rupert, a port on the coast of British Columbia that is closer to China by ship than the big US ports on the West Coast. In recent years, CN has helped the port at Prince Rupert develop its inbound cargo capacity, and traffic has increased significantly as a result.

According to David Woodruff, Assistant Vice President and Head of US Public and Government Affairs, “Border fluidity is a critical part of our railroad. CN is the only railroad on the continent that touches the Pacific, the Atlantic, and the Gulf of Mexico. A quarter of the company’s revenue is made from shipments that originate at Prince Rupert and move south across border.”

In general, CN did not see too many negative impacts from border restrictions. “We may have had a couple hiccups here and there, but by and large, the border has remained fluid throughout.”

However, CN saw volumes decrease considerably in the early days of 2020 due to the economic downturn caused by the pandemic. “Overall, volumes came down to a pretty significant trough.” Much of the decline in shipments during the early part of 2020 was the result of the shuttering of the automobile manufacturing industry in Detroit. “So many of CN’s movements are tied to the automobile industry. Roughly 25% of automobiles produced in Michigan leave on a CN train,” said Woodruff. When the automobile industry turned back on, CN volumes began to increase as a result.

Despite the difficult year for the company, Woodruff noted some bright spots, including more shipments of wood and wood fiber for home improvement projects, strong demand for consumer goods from China, and a strong year for Canadian grain. And Woodruff says the company is bullish on its outlook for 2021. “I think we have been fortunate that we have been able to meet market demands and be flexible and pliable.”

The BBER also spoke with officials from Burlington Northern Sante Fe (BNSF) railway about the impacts their company felt as a result of COVID-19.

According to James Titsworth, General Director of Agricultural Marketing/Canadian Business Development at BNSF, the company finished the year about 7% down in revenues and 9% down in carloads.[16] However, he noted that those statistics masked the company’s year-long performance picture. January and February were “very good.” Then, in March, BNSF’s shipping numbers drastically decreased, “fell off the cliff.” At the height of the COVID shutdown, BNSF was down 25% in carloads but has since seen a V-shaped economic recovery. The company has seen strong fourth quarter numbers, mostly driven by increased global demand from Asian markets.

In general, BNSF noted some of the same trends in cross-border shipments that the representatives from the Duluth–Superior port had mentioned. With regard to iron ore, “there was a very rapid shutdown as the economy went into a slackened state,” said Titsworth. “We are back to strong taconite shipments now.” BNSF representatives also noted weaknesses in energy (crude by rail, propane) and a big dip in the export coal business (mined in the US and exported to Canada). Finally according to Titsworth, “forest products have remained strong. Housing starts are taking over from a still-strong remodeling sector.”

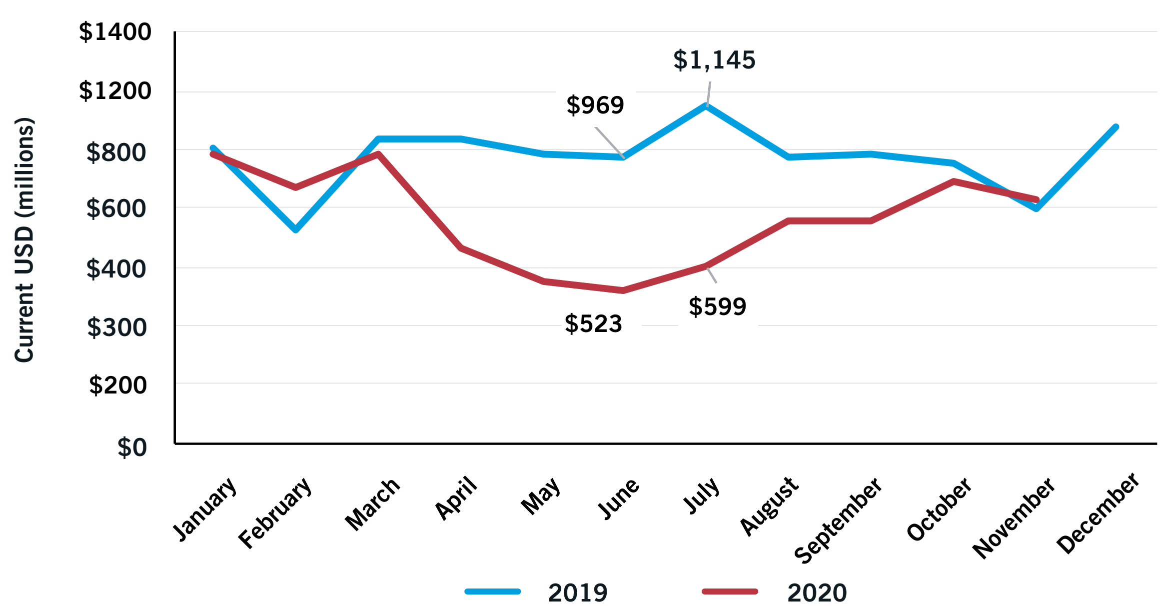
While BNSF felt extensive impacts from COVID in all facets of its business as it related to employee safety and health, those disruptions were mitigated through changing operating practices to protect employees. “Overall we are fortunate to be movers of freight, not people. We’re not feeling it like the airlines and truckers. The border closing wasn’t too much of an issue. It’s been smooth for us to get our shipments once we took care of the paperwork.”

While the pandemic has greatly affected businesses and the economy negatively, there have been positive changes from COVID for BNSF, such as considerable money saved on travel expenses, upgrades to technology to implement virtual business capabilities, and increased attendance at virtual conferences, which has allowed for more collaboration across broader and larger groups of people.

However, there will be long-term impact on relationships—establishing and strengthening them has been an issue. Titsworth noted, “I haven’t been able to make sales calls. The last time I was in Canada was last March.”

Finally, of great concern for BNSF is the “thickening of borders,” according to Titsworth. “The three NAFTA countries are an integrated economy. When there are rocks thrown into that economy, it’s a problem. We cannot construct buildings without Canadian lumber, and we cannot build a car without Mexican auto parts. The borders should be thinner, not thicker.”

***Upper Midwest Figure 2. Value of rail shipments at International Falls port-of-entry by month, 2019 vs. 2020***




*Source: Transborder Freight Data, US Bureau of Transportation Statistics*

[16] *Telephone interview, February 4, 2021*

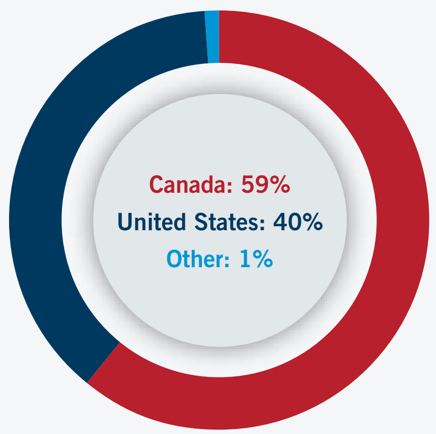
Crossing Volumes through Region (2019)

### Travelers

10.7M = 20% of all entries

Change during restrictions = -92%

### Traveler by Residency




### Truck Traffic

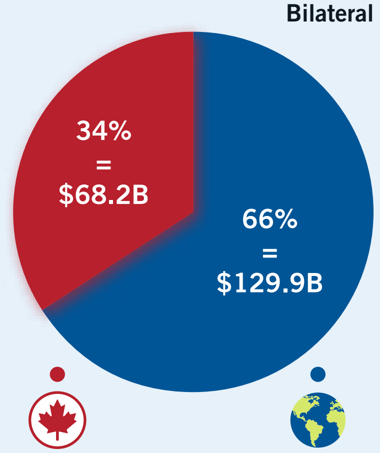
2.3M = 41% of all truck traffic

Change during restrictions = -13%

Trade Between Michigan and Canada (2019)

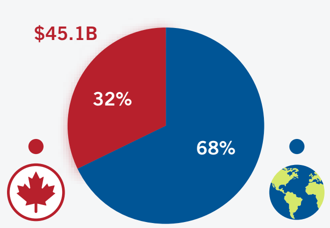
Exports to Canada = 4.3% OF MI'S GDP

### Bilateral Trade with Canada

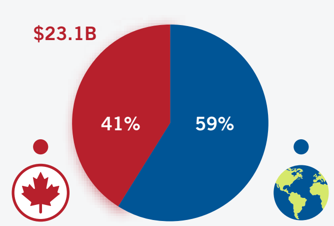



Change during restrictions = -30%

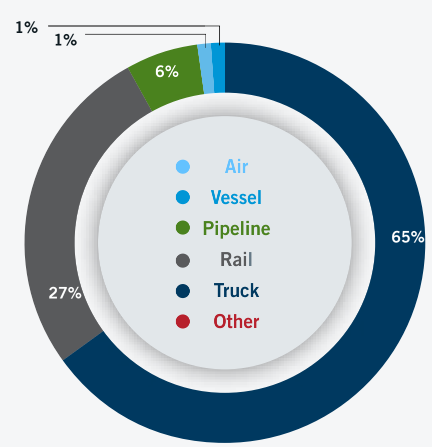
### Imports from Canada




### Exports to Canada




### Bilateral Trade by Mode




**#1 Import from Canada**
(HS87) Vehicles and Parts
VALUE = $27B

**#1 Export to Canada**
(HS87) Vehicles and Parts
VALUE = $12B



Detroit-Windsor


## Detroit – Windsor

### *Cross-Border Institute, University of Windsor*[1]

**Key Highlights:**

- The agreement on the crossing of critical workers prevented a health care labor shortage in Detroit during the COVID-19 spike.
- The fact that the volume of trade in 2020 was close to, and in some cases greater than, the trade in 2019 is evidence that cross-border supply chains have remained functional during the pandemic.
- While goods are currently moving well, restrictions on the movement of personnel who are not classified as essential have limited the ability of producers to communicate effectively with their customers and suppliers across the border.
- The continued ability of Canadians to work in American healthcare facilities was crucial to meeting the resource challenges of the pandemic and stands as an example of Canada–US mutual support.

### The Detroit–Windsor Region

The Detroit–Windsor region, also known as the Detroit River Crossing, lies at the interface of the Canadian City of Windsor, Ontario and the US City of Detroit, Michigan. With a combined metropolitan population of 5.9 million,


94% of whom live on the US side, this is the largest urban region to be bisected by the Canada–US border. Numerous family, business, commuting, and civic connections in this region have led to a distinctive binational culture that supports joint cultural and economic initiatives.

The Detroit River Crossing is the most important connection for cross-border merchandise trade between the United States and Canada and one of the busiest points for personal border crossings. In part this arises from its pivotal location connecting the US and Canadian highway systems, with major routes to the Greater Toronto Area, Chicago and the automotive corridor extending south along US I-75. But a significant share of the crossings are local, reflecting the cross-border integration of industrial supply chains between the traditional automotive capitals of the US and Canada, the large flow of cross-border commuters in healthcare and other sectors, and frequent

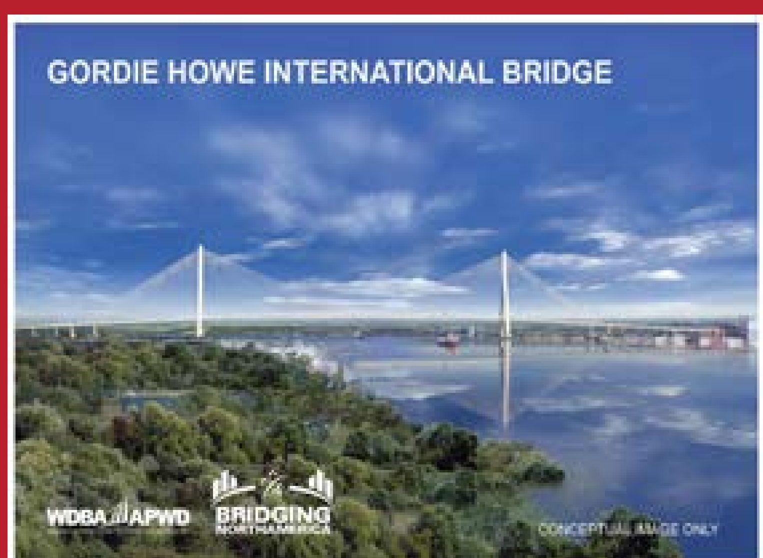
[1] *Bill Anderson, Director and Ontario Research Chair in Cross-Border Transportation Policy*

trips between Windsor, Ontario and Detroit, Michigan for recreation, shopping, and visits to friends and family.

The beginning of the COVID-19 crisis in early 2020 threatened to interrupt this economically beneficial cross-border movement of goods and people. As countries around the world shut their borders, the United States and Canada made an agreement to keep freight and essential workers moving across the border while minimizing the risks of cross-border transmission.[2] While restrictions under the agreement have had significant costs, the potentially catastrophic impacts on economic activities and public services—especially health care— that would have resulted from a complete border shutdown were largely avoided. The following section explains the strength of cross-border linkage at the Detroit River Crossing, how the border restrictions have affected lives and livelihoods related to this crossing, and the likely implications for the future.

## The Detroit River Crossing

The Detroit River Crossing is one of the most important locations for the flow of highway vehicles between the US and Canada. There are two major highway infrastructure elements: The Ambassador Bridge, which is privately owned and over 90 years old, and the Detroit-Windsor Tunnel, which is owned by the municipal governments of Detroit and Windsor. The Ambassador Bridge is by far the highest volume truck crossing and the second highest volume crossing for passenger vehicles along the Canada–US border. While the Windsor-Detroit Tunnel carries little freight because it has insufficient clearance for




**Work on the Gordie Howe International Bridge Continues Through the COVID-19 Crisis**

Located a short distance downriver from the Ambassador Bridge, with a greater lane capacity, larger customs inspection areas, and a direct connection to major highways on both sides, the new Gordie Howe International Bridge will reduce crossing times for cross-border cars and trucks and provide certainty that adequate capacity will be available to support cross-border supply chains for the next century. Research at the Cross-Border Institute predicts that the new bridge will have positive impacts that will extend throughout Canada and the United States and provide significant opportunities for growth of new economic activities in Southwest Ontario, Southeast Michigan and other regions on both sides of the border.[3]

The new Bridge is being developed on a private-public partnership model (P3) under a contract that commenced in October of 2018. It is projected to open in late 2024. Initial concerns that the pandemic would slow down the progress of the bridge are now being put to rest by both the public and private partners in the project. Because construction projects that are already underway are not subject to most lockdown restrictions in either Michigan or Ontario, work has continued with the implementation of strict guidelines for social distancing, sanitation and personal protection equipment where needed. Work has primarily been at separate port-of-entry sites in Ontario and Michigan, and the minority of the workforce who has to move between the sites have been able to take advantage of essential designation to cross the border under the Canada–US agreement. There have been some supply-chain delays due to closures of suppliers' facilities located off site, but these have not been serious enough to push back the projected opening date.

[2] *"Prime Minister Announces Temporary Border Agreement with the United States," Prime Minister of Canada, March 20, 2020, https://pm.gc.ca/en/news/news-releases/2020/03/20/prime-minister-announces-temporary-border-agreement-united-states.*

[3] *Cross-Border Institute, The Gordie Howe International Bridge and the Bi-National Great Lakes Economic Region: Assessing Economic Impacts and Realizing Economic Opportunities.*





most trucks, it is the fourth busiest crossing for personal vehicles, and it carries the majority of the people who commute to work between the two neighboring cities. A third infrastructure element is a rail tunnel under the river that moves freight trains but not passenger trains. Other unique features of this crossing are a regular cross-border service provided by Transit Windsor between downtown Windsor and downtown Detroit and a truck ferry, which primarily transports trucks carrying hazardous materials that are not permitted on the Ambassador bridge.

The Detroit River Crossing is the most important connection in the enormous merchandise trade relationship between the United States and Canada.

**Over 50% of Canada–US trade moves by truck, and the Ambassador Bridge alone accounts for 30% of all Canada–US truck-borne trade and just under 20% of Canada–US trade by all modes.** (To put that into perspective, this is more than total two-way trade between Canada and the European Union.) This demonstrates a great economic dependency on the capacity and performance of the Ambassador Bridge, which connects to municipal roads on the Canadian side, rather than to a major highway. This infrastructure bottleneck and lack of redundancy will be relieved by construction of the Gordie Howe International Bridge, which is expected to open in late 2024.

Despite all of the disruptions to commerce and daily life, construction of the new bridge has continued, with social distancing and other practices to protect workers, throughout the pandemic (see inset box).

## COVID-19 Border Restrictions

On March 18, Canada and the US announced a temporary program of border restrictions intended to prevent the spread of COVID-19. Under the agreement, the movement of freight in trucks continues, but the cross-border movement of people is limited to a relatively small number of essential workers and others, most of whom commute across the border from the Canadian side to jobs on the US side.

Allowing trucks to continue crossing the border was controversial, not so much because of the freight but rather because of the drivers. Trucking dominates Canada–US freight transportation for beneficial economic reasons: most cross-border shipments are relatively short, time sensitive because they serve lean supply chains, and serve destinations that do not have direct connections to rail, port, or air infrastructure. All of these factors give trucking an economic edge over rail and other modes. A downside of trucking—in addition to relatively high environmental impacts—is its labor intensity. It takes far more personnel to move goods by truck than to move an equivalent amount of goods by rail. The 7,000 trucks that cross the Ambassador Bridge on an average day requires 7,000 personal crossings. This is especially problematic in the pandemic since people—and not goods— drive the spread of the virus.

In the first few weeks under the agreement, truck drivers were often closed out of facilities that they typically used for rest, eating, or even using the washrooms, but eventually the flow of freight resumed to pre-pandemic levels. On the other hand, most personal cross-border trips are normally for shopping, recreation, personal visits, and other purposes that do not meet the criteria of essential travel.

## Cross-Border Supply Chains

It might not at first be obvious why the Detroit River Crossing plays such a large role in Canada–US trade. After all, the largest regions for merchandise demand are the Greater Toronto Area and the US "Megalopolis," which extends along the coast from Boston to Washington, DC. These geographic markets would be connected across the Niagara River, rather than the Detroit River. The reason for the Detroit River Crossing's dominance lies in the history of Canada–US relations and the structure of trade.

Figures 1 and 2, which give the value of trade through the port of Detroit[4] in US dollars for the first 11 months of 2019 and 2020, show an extreme concentration in two industrial commodity groups: transportation equipment, of which nearly all is automotive and truck manufacturing (including parts), and machinery and electrical equipment. The share of both groups is much higher at this crossing than in Canada–US trade overall. Notably, transportation equipment accounts for 39.2% of trade at the Detroit

[4] *The Port of Detroit includes truck shipments over the Ambassador Bridge and Windsor-Detroit Tunnel, and rail shipments through the Detroit River Tunnel.*

Detroit-Windsor

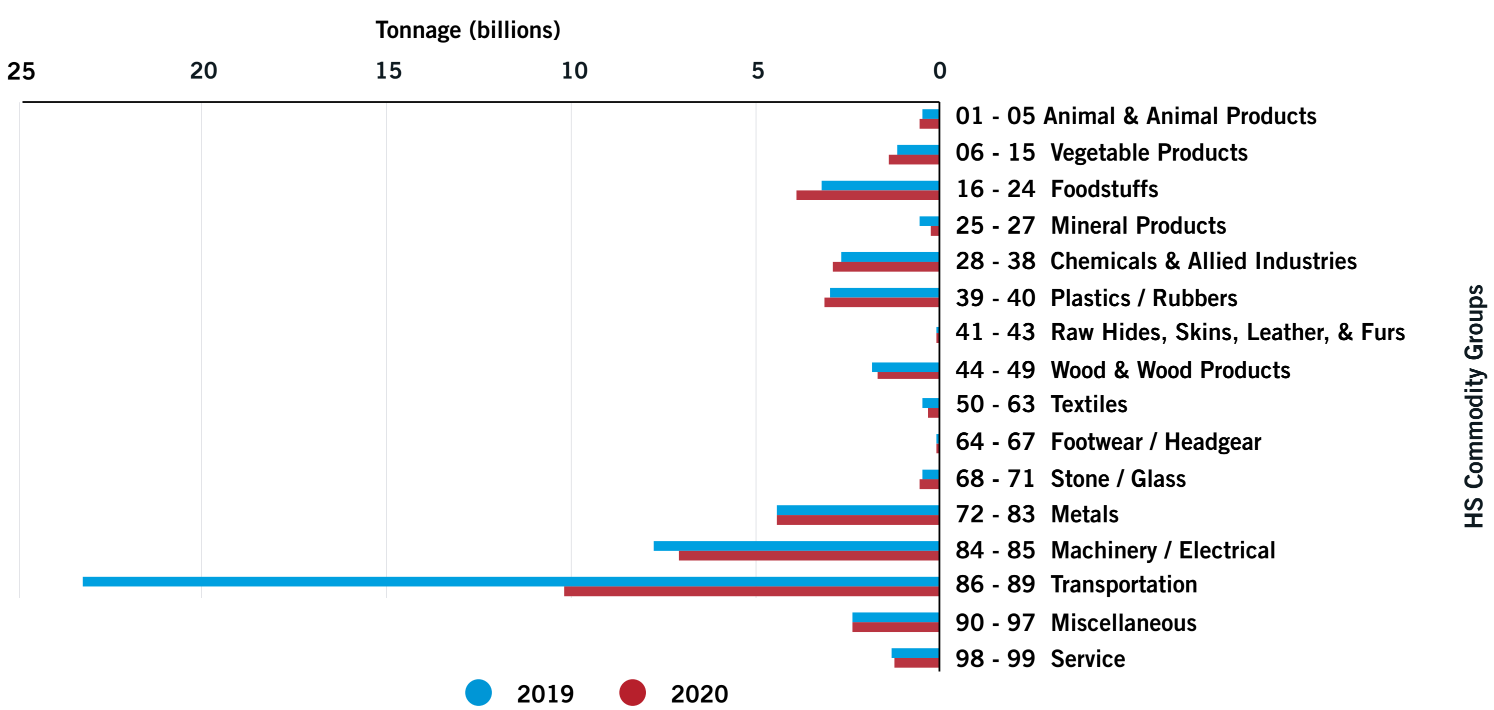
River Crossing, compared with only 20.2% of total Canada–US trade. Furthermore, a significant proportion of trade in machinery, metals, chemicals, and plastics at this crossing is to satisfy automotive industry demand.

The prominent role of automotive trade reflects a history of US auto companies investing in Canada and the Automotive Products Trade Agreement of 1965, which removed tariffs on vehicles and parts 24 years before the first comprehensive US-Canada free trade agreement, as shown in the Cross-Border Institute's report, *The Gordie Howe International Bridge and the Bi-National Great Lakes Economic Region: Assessing Economic Impacts and Realizing Economic Opportunities.*[5] At first, most of this trade was in assembled vehicles, but gradually automotive supply chains have become integrated so that the value of a car assembled in one country typically includes significant contributions from the other. This means both vehicles and parts are traded in large volumes. Because of the spatial pattern of automotive production—in Michigan, Ohio, Indiana, and along I-75 on the US side and along the Highway 401 corridor from Windsor to the Greater Toronto Area on the Canadian side—most of the automotive trade passes through the Detroit-Windsor crossing.

Integration of supply chains in other industrial sectors and in agrifood also contributes to trade at the Detroit River. Trucks are the dominant mode of delivery in these supply chains, accounting for 83% of US–Canada shipments and 76% of Canada–US shipments at the Detroit River Crossing. Transportation equipment is the most rail-intensive of all the industry groups because most cross-border deliveries of finished vehicles are made by rail car, while most parts are moved between US and Canadian production sites by truck.

Because of this high level of supply chain integration, interruption in the cross-border movement of trucks would have resulted in widespread closure of manufacturing

***Detroit Figure 1: US imports from Canada through the Port of Detroit, Jan-Nov 2019 vs. 2020***

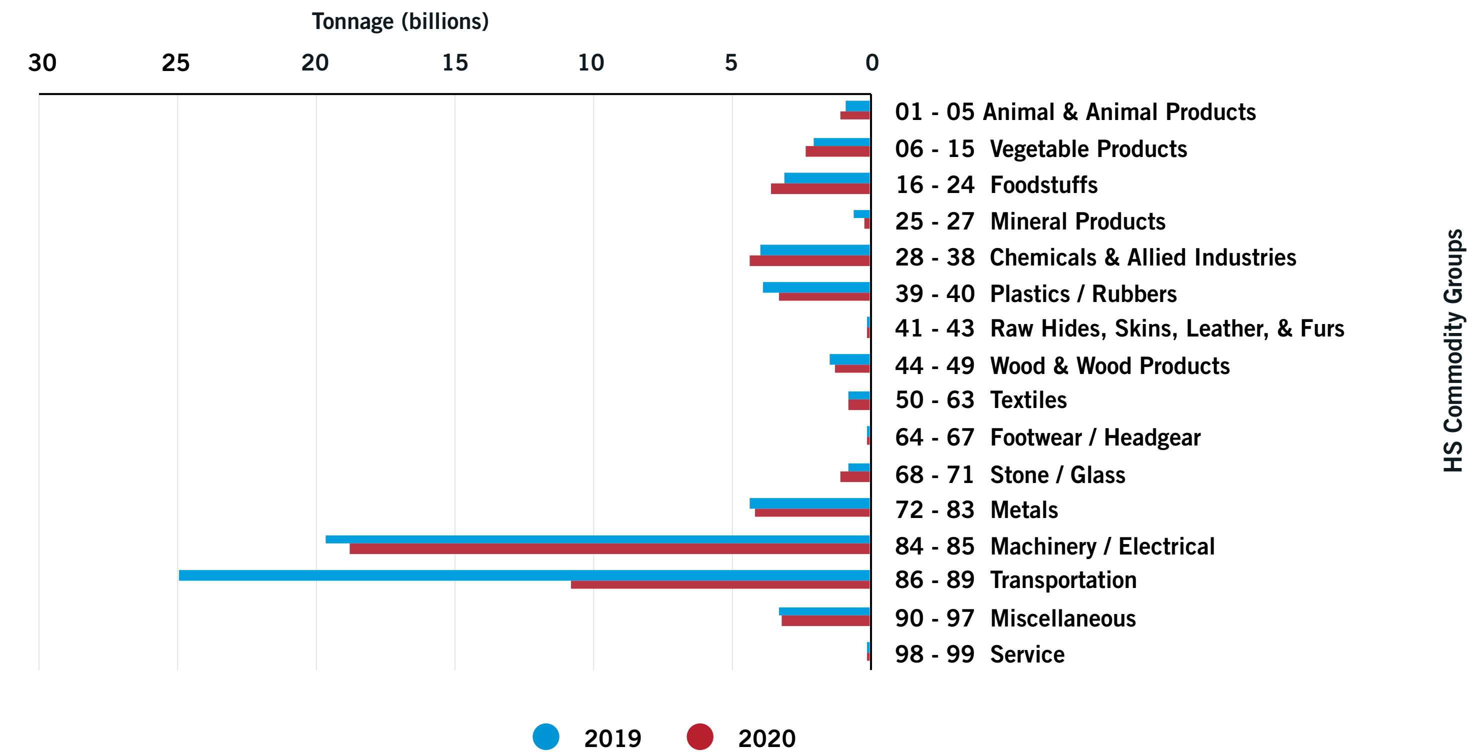



*Source: Transborder Freight Data, US Bureau of Transportation Statistics*[6]

[5]*Cross-Border Institute, The Gordie Howe International Bridge and the Bi-National Great Lakes Economic Region: Assessing Economic Impacts and Realizing Economic Opportunities, Windsor, Ontario: University of Windsor, January 2021, https://www.cbinstitute.ca/wp-content/uploads/2021/01/Gordie-Howe-Internation-Bridge-Full-Report.pdf.*

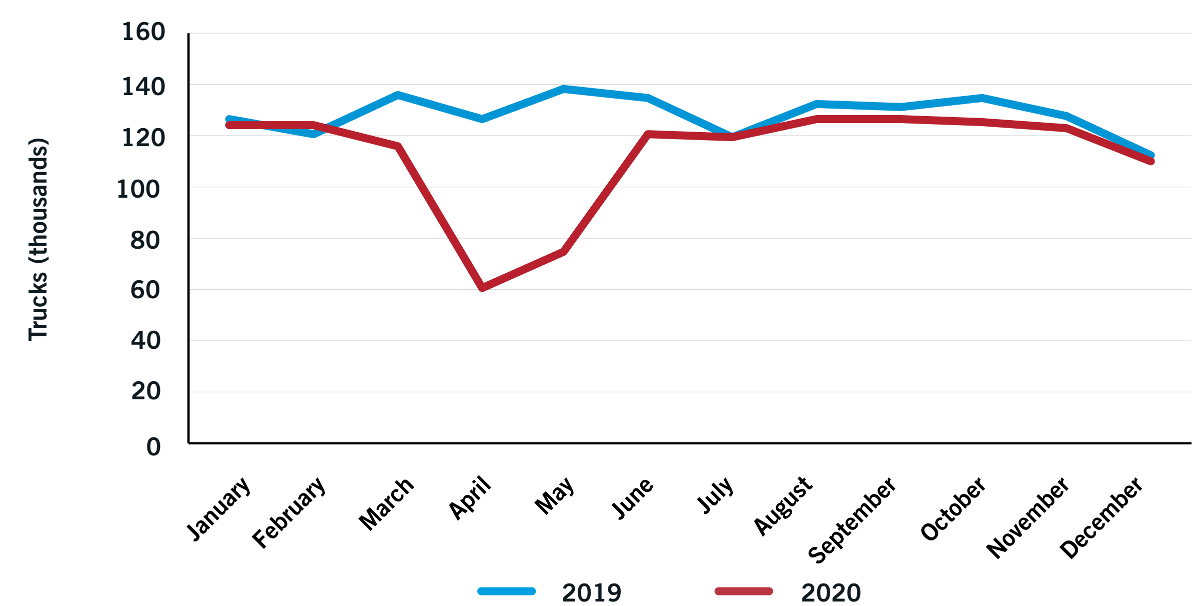
[6]*The Port of Detroit includes the Ambassador Bridge and Detroit-Windsor Tunnel; January-November comparison reflects latest data available for 2020.*

***Detroit Figure. 2: US exports to Canada through the Port of Detroit, Jan-Nov 2019 vs. 2020***




*Source: Transborder Freight Data, US Bureau of Transportation Statistics*[7]

***Detroit Figure 3. Monthly cross-border truck movements at the Port of Detroit, 2019 vs. 2020***

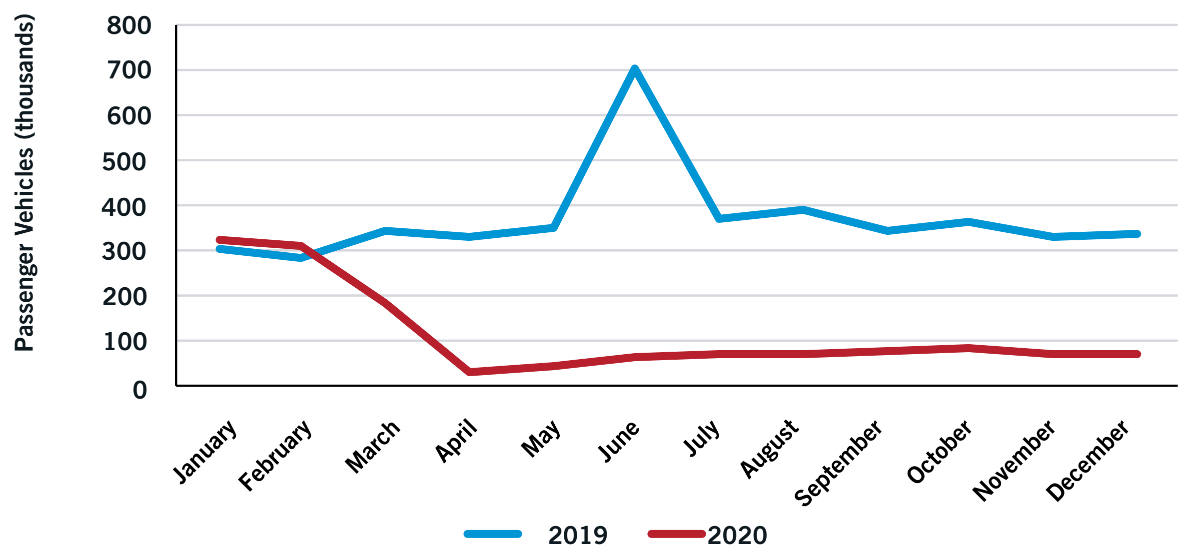



*Source: Monthly Border Crossing Entry Data, US Bureau of Transportation Statistics*

[7]*The Port of Detroit includes the Ambassador Bridge and Detroit-Windsor Tunnel; January-November comparison reflects latest data available for 2020.*

Detroit-Windsor

*Detroit Figure 4. Monthly cross-border passenger vehicle movements at the Port of Detroit, 2019 vs. 2020*




*Source: Monthly Border Crossing Entry Data, US Bureau of Transportation Statistics*[8]

plants that could not function exclusively on inputs from domestic sources. **The fact that the volume of trade in 2020 was close to, and in some cases greater than, the trade in 2019 (see Figures 1 and 2) is evidence that cross-border supply chains have remained functional during the pandemic.** As we discuss below, however, restrictions on business travelers may have lasting implications for supply chain trade.

The decline in two-way trade for the transportation and machinery sectors was due not to border restrictions, but rather to the closure of production facilities during the early months of the pandemic. In particular, the closure of automotive assembly plants in both the US and Canada effectively ceased movement of goods over all automotive supply chains. By building on experience of reopening production facilities first in Asia and then later in Europe, the automotive original equipment manufacturers and their suppliers were able to reorganize their production facilities to incorporate social distancing and other adjustments that greatly reduce virus transmission.

These efforts made it possible to restart the entire supply chain, as indicated by the fact that 2020 truck movements were back in line with 2019 levels by the months of June and July (see Figure 3).

This does not mean that the pandemic has had no negative impacts on cross-border supply chains. **While goods are currently moving well, restrictions on the movement of personnel who are not classified as essential has limited the ability of producers to communicate effectively with their customers and suppliers across the border**. Producers in the industrial machinery sector, especially those who make capital goods, such as molds and automation gear for the automotive and other industries, have argued that their inability to make visits to the sites of potential customers is costing them contracts that might otherwise have been realized as trade over the coming years.[9] Sales of such technologically advanced machinery represent major investments for buyers and therefore require the seller's representatives to work closely with the buyer's technical staff. This includes joint, on-site assessment of how new equipment will be integrated into the buyer's production system. Visits are also needed post-sale for installation, maintenance, and training. While such personal border crossings are technically possible under the COVID-19 restrictions, they often require isolation of the employee for up to 14 days, thus idling scarce technological skills.

More generally, the close integration of production activities in the Great Lakes region has been supported for many years by frequent and intense interaction between the representatives of Canadian and US companies. It remains to be seen whether the fact that most of these people have been separated for well over a year will have an adverse effect on cross-border supply chain integration in the future.

## Cross-Border Personal Mobility

While the cross-border movement of goods at the Detroit River Crossing has continued at or near the level of recent years during the pandemic, the cross-border movement of people is a very different story. Starting in April, the first full month in which border restrictions were in effect, monthly crossings in 2020 were 77% to 91% lower than in the corresponding months of 2019 (Figure 4). Daily crossings, which averaged over 12,000 in all of 2019, dipped below 1,150 in April of 2020 and averaged at about 2,300 during the remainder of the year. The partial rebound after April is in part because automotive plant employees such as engineers and technicians who commute across the border on work visas qualify as essential workers, and therefore they returned to work as plants reopened in Spring 2020.

Most of the crossers were daily commuters with TN or other work visas in industries designated as essential. Even though Windsor has a relatively large population of people who commute to work in the US, the numbers on a normal day are dwarfed by the number of people who cross to go shopping, attend sporting events, use the Detroit Metro Airport, visit family, and for other reasons that do not fall into the essential category. Furthermore, many cross-border commuters who might qualify as essential do not cross because they are working from home.

One group of cross-border commuters—healthcare workers who live in Windsor and work in Detroit area hospitals—has played a special role in the pandemic.

An estimated 1,000 to 1,500 nurses, technicians and other healthcare professionals commute across the border on a regular basis. In the early pandemic months, the Detroit area suffered a major spike in COVID-19 infections, while the number of infections was much lower in Windsor. Hospital resources were so strained that an interruption in the ability of these workers to cross the border could have triggered a major crisis in the capacity of local healthcare facilities. All levels of government in Canada resisted calls to ban commuting of healthcare workers who would be exposed to COVID-19 patients in Michigan. Instead, various safeguards were enforced, including preventing people who work in Michigan hospitals from also working in Canadian facilities.

**The continued ability of Canadians to work in American healthcare facilities was crucial to meeting the resource challenges of the pandemic and stands as an example of Canada–US mutual support.** On May 12, 2020, US Consul General Greg Stanford, along with his staff, local volunteers, and Windsor Mayor Drew Dilkens, distributed gift cards to 900 Windsor-based healthcare workers to thank them for their service in Michigan during the pandemic.

Given the close ties between Windsor and Detroit, the closure of the border to most personal trips has resulted in painful separation of friends and family. Spouses, common-law spouses, immediate family, and people in committed relationships are allowed, under special provisions of the Government of Canada, to enter for visits. The requirement for 14-day quarantine, which effectively means that no visit of less than two weeks is possible, makes reunification impossible for many people. Business relationships that require face-to-face site visits or other interactions that cannot occur effectively via video technologies are also suffering. While the border restrictions are made to protect public health—and in particular, to slow the spread of new virus variants—the long separation at the border has had personal and economic costs that may have repercussions in the future. Strategies to reconnect social and economic ties that have been severed over the course of the pandemic should have high priority in plans and programs for post-COVID economic recovery in the Detroit-Windsor binational region.

*[8] Includes personal crossing at the Ambassador Bridge and Detroit-Windsor Tunnel.*

*[9] Maryam Farag, "Survey Reveals Industry Losing Millions Due to Border Restriction," Plant, February 23, 2021, https://www.plant.ca/economy/survey-reveals-industry-losing-millions-due-to-border-issues-200070*

Buffalo-Niagara

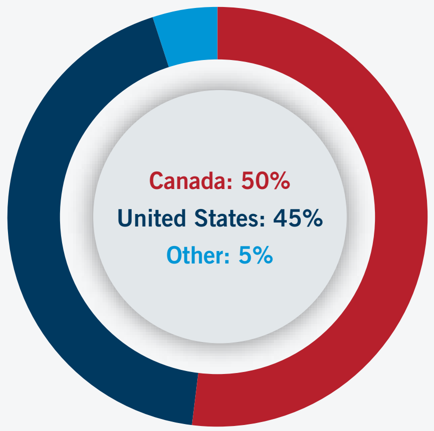
Crossing Volumes through Region (2019)

### Travelers

11.3M = 21% of all entries

Change during restrictions = -97%

### Traveler by Residency




### Truck Traffic

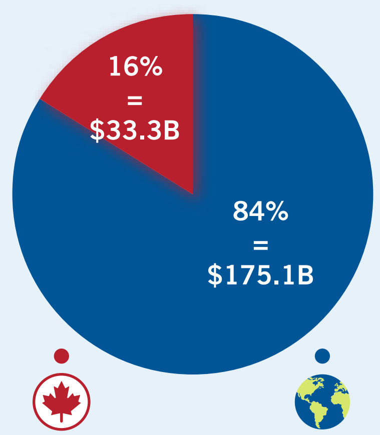
905K = 16% of all truck traffic

Change during restrictions = -9%

Trade Between New York and Canada (2019)

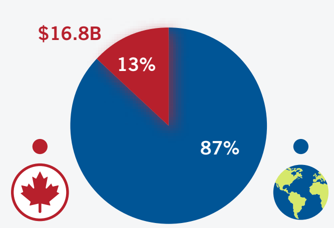
Exports to Canada = 0.9% OF NY'S GDP

### Bilateral Trade with Canada

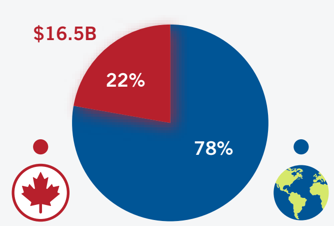



Change during restrictions = -13%

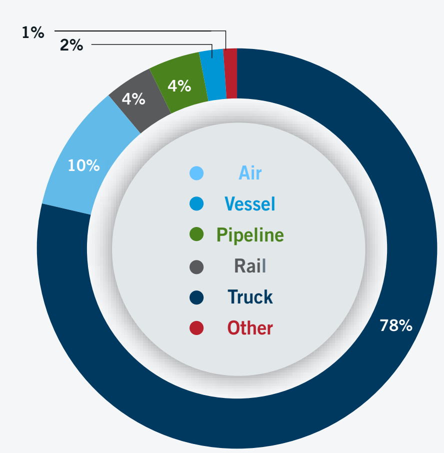
### Imports from Canada




### Exports to Canada




### Bilateral Trade by Mode




#1 Import from Canada
(HS71) Nat Etc Pearls, Prec Stones
VALUE = $2.7B

#1 Export to Canada
(HS98) Special Classification Provisions
VALUE = $6.4B



## Buffalo-Niagara

*Dr. Kathryn Byrk Friedman, Global Fellow, Woodrow Wilson International Center for Scholars, Canada Institute, University of Buffalo*

**Key Highlights:**

- Since the joint announcement and implementation of the March 2020 border restrictions, the Canadian and US governments thought that they calibrated border restrictions in a way that mitigated severe harm to the Canadian and US economies. Yet as this research demonstrates, the return to almost-normal truck volumes masks the nuanced nature of business in the 21st century and the economic and social impacts of non-essential border restrictions on cross-border communities.
- Non-essential restrictions are having a significant economic impact on bridge authorities, industries (tourism, recreation, etc.), airports, businesses, and investment activity. People flows represent economic activity in the 21st century. It is not just about goods.
- Cross-border organizations and networks are nascent. In order to strategically leverage these networks and capitalize on opportunities for economic recovery in the coming years, stakeholders must build capacity in terms of both staff and monetary resources.

The following report explores cross-border connections in the binational Buffalo-Niagara region. It illustrates the impacts of essential and non-essential border restrictions that were jointly announced by the Trudeau Government and Trump Administration in March 2020, and continued to the date of this report.

### The Buffalo-Niagara Cross-Border Region

The Buffalo-Niagara region is characterized by a broad array of cross-border economic, political, and social connections. This region is a significant port-of-entry (POE) for freight, ranking only second to Detroit–Windsor in terms of annual truck traffic. It also is a significant passenger crossing, with more than 4.8 million people crossing in 2019. Prior to the March

Buffalo-Niagara

2020 border restrictions, people crossed the border daily for employment, post-secondary education, leisure and tourism, golf club memberships, health care needs, family visits, and business trips. Western New Yorkers also engaged in a long-time tradition, i.e., crossing back and forth daily during the summer months while living in their Canadian summer homes and commuting to work in Western New York.

Four bridges, operated by the Buffalo & Fort Erie Public Bridge Authority ("Peace Bridge Authority") and Niagara Falls Bridge Commission, link Canada to the US and make all these cross-border trips possible. Two airports in Western New York—the Buffalo-Niagara International Airport (BNIA) and the Niagara Falls International Airport (NFIA)—cater to a Canadian clientele—one almost exclusively. There are also two rail crossings in the region. And last, but certainly not least, the Buffalo–Niagara cross-border region is in the orbit of the Greater Toronto Area (GTA)—the economic engine of Canada.

In 2019, 11.3 million people entered New York State through the Buffalo-Niagara POE, accounting for roughly 21% of all US-bound entries across the northern border. This places the Buffalo-Niagara POE first when compared to the seven other cross-border regions highlighted in this issue of the Border Barometer, slightly ahead of Detroit–Windsor[1] (20%) and Cascadia[2] (20%). With 16% of all northern border US-bound truck crossings, the Buffalo-Niagara region is second only to Detroit-Windsor (41%). When looking at Canada-bound entries by residency, half of those who entered Canada at the Buffalo-Niagara POE were Canadian, while 45% were US citizens.

Turning to state data, New York also has broad and deep economic ties to Canada. In 2019, Canada was New York's top trading partner, accounting for 16% of overall state trade. When looking at the breakdown of New York State trade with Canada in terms of imports and exports, 13% of state imports derived from Canada, whereas 22% of state exports were sent to Canada. In terms of mode, trucks accounted for 78% of bilateral trade between Canada and New York in 2019, followed by air (10%), pipeline (4%), and rail (4%).

The COVID-19 pandemic has severely impacted the New York State economy—and the Buffalo-Niagara cross-border region. Bilateral trade between New York and Canada declined 13% from 2019 to 2020. State GDP declined 10% in the second quarter of 2020 and 4% in the third quarter of 2020. We cannot pinpoint how much of this decline in GDP is attributable to the border restrictions, however, we do know that at the Buffalo-Niagara POE, truck imports and exports correspondingly dropped dramatically during the second quarter of 2020, presumably due to decreases in demand and supply chain disruptions; crept up slightly during the third quarter; and rebounded toward the end of the year close to 2019 levels. We also know that overall, total people crossings (land, marine, and rail) declined 84% compared to 2019 levels.[3] Furthermore, bus traffic declined 100% in 2020 compared to 2019 levels.[4]

## A More Nuanced Story

At first glance, it appears as if the border restrictions are working as intended—to maintain economic flows across the northern border. Interviews with business leaders reinforce this view, with most indicating that, despite initial disruptions during the second quarter of 2020, interruptions currently are minimal to non-existent. There have been a few supply chain "hiccups" but for the most part, there are "no problems." Additionally, Canadian and Western New York business executives indicated that they had not experienced any difficulties getting their goods across the border. In fact, with passenger traffic down dramatically, several executives noted the ease with which goods are now crossing the border. Customs brokers also indicated that the border restrictions have had little negative impact on their work.

Nonetheless, a closer examination of the economic impact of non-essential travel restrictions suggests a more nuanced story. These restrictions have had at least five direct and/or indirect economic impacts on businesses and the region. First, the declines in passenger and bus crossings have had a deep impact on the bridge authorities. The Peace Bridge Authority and the Niagara Falls Bridge Commission both experienced a decline in toll revenue, which is their primary source of revenue. This means that capital projects have been postponed. Staffing levels at one authority are down 1/3, while a hiring freeze is in place at both authorities. Duty free stores have been decimated because these rely heavily on auto traffic. These pressures on the bridge authorities are taking place in an environment where both are expected to continue operations 24/7, per their mandates (see Cross-Border Collaboration section).

Second, non-essential travel restrictions have impacted traffic to the region's two airports, primarily because Canadian leisure travel out of these airports is down. Prior to the COVID-19 pandemic, the BNIA boasted that as many as 1.5 million people, comprising 30% of its customer base, originated from Canada, with most traveling for leisure. No more. The plight of the NFIA is worse. It is almost exclusively a leisure travel airport, with as much as 88% of its clientele originating from Canada to travel to warmer climates. Airlines continue to operate, but at much reduced schedules. To get around the non-essential travel restrictions, some Canadians are opting to ship their vehicle over the border and fly via helicopter to the BNIA, where they pick up their car and drive south for the winter. These efforts, although certainly creative, do not offset the declines in revenue faced by BNIA.

Third, although goods are moving well across the border, people tied to corporate economic success are not. Several business leaders noted that it has been difficult to get employees across the border— whether for a service call, customer visit, employee training, or business meeting. Several executives also expressed concern about the impact of the restrictions on business development efforts. The personal connections necessary for building trust and strong relationships is missing. This is particularly challenging for entrepreneurs who like to be hands on. One executive with business in Michigan noted that it took him several hours longer to get there, as he could no longer travel through Canada. Although describing this as a "personal hardship," he did note that "time is money." Another executive noted that a tech incubator on the US side of the border that touted its binational location as a strategic advantage is suffering because Canadian executives cannot get to the US. Additionally, one Canadian business executive noted that he started his company in Buffalo in February 2020, just prior to the implementation of the border restrictions in March 2020. His company is struggling because he has not been able to cross the border.

Fourth, the border restrictions have had a negative impact on investment activity in the US broadly and specifically in the Buffalo-Niagara cross-border region. Currently, the US government is not conducting any E-visa interviews at the US Consulate in Toronto. This directly translates to less investment in the US. The discretion of CBP and CBSA officers in admitting or denying business executives and employees also is disruptive, as businesses rely on predictability. One executive indicated that many Canadian business people have put investing in or expanding to the US on hold. Furthermore, Western New Yorkers who own summer homes in southern Ontario have been very vocal about the fact that they cannot get across the border to enjoy or maintain their summer homes. This has two impacts: first, some argue that their summer homes are a depreciating asset. Second, in addition to not being able to access their summer home in southern Ontario, people are finding it difficult to rent these properties out at historical "going rates." The same holds true for their Canadian counterparts, who cannot access their winter homes in Ellicottville, NY.

Fifth, the border restrictions are having a negative economic impact on the Buffalo–Niagara regional economy, particularly in Niagara and Erie counties. The dearth of Canadians visiting the region translates directly to the loss of millions of dollars in the sectors of retail shopping (Niagara Falls Factory Outlet Mall and Galleria Mall), leisure and tourism (Albright-Knox Art Gallery, Frank Lloyd Wright houses, Ellicottville, NY, Niagara Falls, ON, and Niagara Falls, NY) [see inset], sports entertainment

*[1]For purposes of this metric, the Detroit-Windsor POE includes the Ambassador Bridge, the Windsor-Detroit Tunnel and the Blue Water Bridge.*

*[2]For purposes of this metric, Cascadia includes the four main POEs (Peace Arch, Pacific Highway, Sumas and Lynden) in addition to three marine crossings (Port Angeles, Friday Harbor and Anacortes).*

*[3]The Peace Bridge Authority reported a 7% decline in truck traffic from 2019 to 2020; the Niagara Falls Bridge Commission reported a slight uptick in truck traffic from 2019 to 2020.*

*[4]The Peace Bridge Authority reported a 93% decline in passenger vehicles from 2019 to 2020; the Niagara Falls Bridge Commission reported a 94% decline from 2019 to 2020. The Rainbow Bridge, which does not allow commercial trucks, experienced an 84% decline in passenger crossings from 2019 to 2020.*

One industry in the Buffalo-Niagara region that has been impacted by non-essential border restrictions is tourism, particularly in Niagara Falls, NY. The tourism industry in Niagara Falls historically has been heavily reliant upon cross-border and international travelers. According to interviews, prior to the COVID-19 pandemic, Niagara Falls reached a turning point through a series of small wins that resulted in progress—something the region had not seen in decades. Eight new hotels were built between 2014–2019, all of which offered enhanced room quality to attract more conventions and business meetings.

Yet with the onset of the COVID-19 pandemic and implementation of non-essential travel restrictions, Niagara Falls has been devastated. The hotel occupancy rate in Niagara Falls, NY, was 32% in 2020. When you consider that a 61% occupancy rate is required in order for a hotel to make a profit, the picture becomes quite stark. In addition to the millions of dollars in lost hotel revenue, the ripple effects of these restrictions are deep. Although the PPP program has kept some small hotel operators afloat, there are concerns because there does not seem to be any light at the end of the tunnel. New construction and expansions have been put on hold, which translates directly to a loss of construction jobs.

The decline in hotel stays has, in turn, had a ripple effect on other segments of the tourism economy. Businesses that rented bicycles, provided helicopter tours, or offered walking tours have shut down. Restaurants have closed because of the heavy reliance on Canadian clientele. The Maid of the Mist has had to limit its capacity to offer rides. All of these closures have led to decline in employment.

As one interviewee put it, as long as the non-essential travel restrictions are in place, tourism in Niagara Falls, NY, will suffer. Although the economic blow is harsh, perhaps the biggest blow to a community that just turned the corner is psychological.

Lewiston-Queenston Bridge, Niagara Falls Bridge Commission, credit: Buffalonews.com

sectors, declines in passenger crossings translate into the (Buffalo Bills and Buffalo Sabres), hospitality, and healthcare (Roswell Park). In addition to directly impacting these loss of millions of dollars in county sales tax revenues. The ripple effects are plain to see.

## People-to-People Ties

Fear. Anger. Resentment. Frustration. These are just a few of the words used when people who have friends and family living across the border were asked about the non-essential travel restrictions. When the March 2020 border restrictions were implemented, thousands of Canadians and Americans were separated from their loved ones across the border. The personal tolls and impacts are stunning. For example, a young woman from Western New York was able to fly to Edmonton to see her fiancé under Canadian family exemptions that allow people to reunite. However, the day that she received news that her grandmother back in Western New York would shortly die from COVID-19 was the same day that the Canadian government implemented stricter travel restrictions upon entry into Canada, including the hotel quarantine. She described it as being forced to choose between attending her grandmother's funeral or remain in Canada because she could not afford the costs of the new testing and hotel quarantine process. Another Western New York native told of the difficulty of seeing her long-time partner and father to their two young children (2.5 years old and 18 months), who lives right across the border in Stoney Creek, ON. Because the US does not offer a family exemption to the non-essential border restrictions, their children have been without a father for most of the last nine months. When she tried to cross the border into Canada, she was told that their children could enter but she could not because she and her partner did not fit the legal definition of a common law marriage. She described the mental health challenges stemming from stress and anxiety as "unbearable."

## Cross-Border Collaboration: Networks and Organizations

The Buffalo-Niagara region is characterized primarily by networks at the regional scale, however, three organizations have strong federal and/or state-provincial support. First, the Peace Bridge Authority is an international entity created pursuant to a compact entered into by the State of New York, with the consent of the US Congress, and the Government of Canada. The Peace Bridge Authority is governed by a ten-member board consisting of five members from New York and five members from Canada. It operates the Peace Bridge, a major toll crossing that spans the Niagara River between Fort Erie, ON, and Buffalo, NY. Tolls are its most significant revenue generator, however, it also generates revenue through rental income and fees from CBP, duty-free shops, and commercial brokers operating on property that it owns. The Peace Bridge Authority supports and promotes many cross-border initiatives in the Buffalo-Niagara region. It is known in Canadian and US circles for its innovative approach to problem solving, such as the Pre-Arrival Readiness Evaluation and subsequent iterations.

Second, the Niagara Falls Bridge Commission was created by a Joint Resolution of the 1938 US Congressional Third Session. The Extra Provincial Corporations Act of the Province of Ontario licenses it. The Niagara Falls Bridge Commission is governed by an eight-member board consisting of four commissioners appointed by the premier of Ontario and four commissioners appointed by the governor of New York. The Niagara Falls Bridge Commission operates three bridges in the region: the Rainbow Bridge, the Whirlpool Bridge, and the Lewiston–Queenston Bridge. At its own expense, it builds and maintains facilities for customs and immigration functions on both sides of the border. Like the Peace Bridge, the Niagara Falls Bridge Commission is self-supporting, deriving revenue through tolls and private sector tenant leases. It also supports myriad community initiatives on both sides of the border.

Third, the Niagara International Transportation Technology Coalition (NITTEC) is a multi-stakeholder coalition in Western New York and southern Ontario. The agencies that comprise NITTEC share the goal of improving traffic mobility, reliability, and safety on the regional, binational, and multimodal transportation network—including the four bridges between Canada and the US. NITTEC's member agencies include the Niagara Frontier Transportation Authority; the Ministry of Transportation Ontario; the New York State Thruway Authority; the Niagara Falls Bridge Commission; the Peace Bridge Authority; the New York State Transportation Authority; the Federal Highway Administration; the Town of Fort Erie; the City of Buffalo; the City of Niagara Falls, NY; and the City of Niagara Falls, ON, among others. NITTEC initiatives include a revolving loan fund, traffic maps, travel advisories, and real-time cameras.

Three cross-border networks and organizations rooted at the regional level deserve mention. First, the Niagara Global Tourism Institute, housed at Niagara University, offers initiatives such as research, skills development, technology, and entrepreneurship, all with an eye toward transforming Niagara Falls from a visitor attraction to an international tourism destination. Second, the World Trade Center Buffalo-Niagara (WTCBN) has begun to deepen relationships with the Greater Niagara Chamber of Commerce and the Niagara Falls, Welland/Pelham and Port Colborne-Wainfleet Chambers of Commerce, both of which are in southern Ontario. Third, Brock University at Buffalo Binational Prosperity Initiative (BPI) is a multi-stakeholder initiative that aims to provide strategic insights on cross-border issues and a forum for cross-border stakeholder collaboration on joint economic development initiatives.

The COVID-19 pandemic has presented opportunities for stakeholders to collaborate. Both WTCBN and the BPI held workshops and roundtables on the impact of the border restrictions in Western New York and southern Ontario. The BPI sent a letter to Canadian, US, Ontario, and New York State elected officials outlining a series of recommendations for responsibly lifting the border restrictions using a phased approach. Although both WTCBN and BPI engage stakeholders in practical problem solving, there is little capacity at the regional level to further develop these programs and efforts.

Buffalo-Niagara

Peace Bridge, Peace Bridge Authority, credit: Iloveny.com

## Conclusions

Since the joint announcement and implementation of the March 2020 border restrictions, the Canadian and US governments thought that they calibrated border restrictions in a way that mitigated severe harm to the Canadian and US economies. Yet as this research demonstrates, the return to almost-normal truck volumes masks the nuanced nature of business in the 21st century and the economic and social impacts of non-essential border restrictions on cross-border communities.

Several insights are worth mentioning. First, cross-border businesses rely on getting people across the border as much as they do getting goods across the border. Unlike the economic shock represented by the COVID-19 pandemic, difficulties associated with getting people across the border—business development, sales calls, and customer relations—represent aftershocks in certain sectors of the economy. Second, the direct and indirect impacts of non-essential travel restrictions on tourism and the regional economy are evident. These impacts demonstrate that national-level trade data tell one story, while regional data tell a very different story. Third, the impacts on families and loved ones are, at first blush, social and emotional. However, there are deepening mental health concerns that translate into economic costs to be borne by communities (and taxpayers) on both sides of the border for years to come.

At the end of the day, we are witnessing another significant inflection point in the Canada–US relationship at the national and regional scales. Canadian and US officials should take an intentional approach to the next iteration of border policy—one that not only considers security, trade, and public health as foundational but also recognizes that cross-border economic flows so essential to the Canadian and US economies encompass people as well as goods. Further, cross-border communities could look to the horizon and begin to strategically think about the post-pandemic opportunities that come from their unique position on the Canada–US border. The window of opportunity may be opening for the Buffalo-Niagara cross-border region to strengthen capacity and collaborative cross-border efforts. For example, some business leaders believe that the time is now to create a stronger regional cross-border organization, similar to the Cascadia Innovation Corridor, to convene and advocate to officials in Ottawa and Washington, DC. Additionally, some analysts are projecting that Canadian leisure travel at both airports will rebound back to pre-pandemic levels when travelers feel more comfortable leaving home. Both airports in Western New York could use this as an opportunity for modest upgrades of infrastructure—upgrades that could have a big payoff. This, in turn, could have a ripple effect on the Western New York economy. In either scenario, officials should be ready to act on these opportunities, and others, that emerge.

Eastern New York – Vermont – Montréal

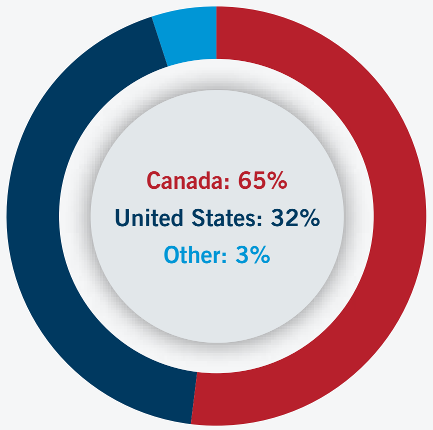
Crossing Volumes through Region (2019)

### Travelers

5.2M = 10% of all entries

Change during restrictions = -97%

### Traveler by Residency




### Truck Traffic

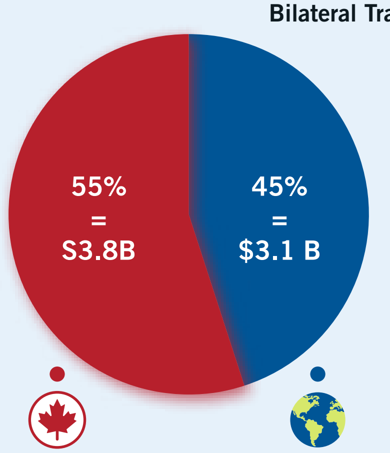
513K = 9% of all truck traffic

Change during restrictions = -7%

Trade Between Vermont and Canada (2019)

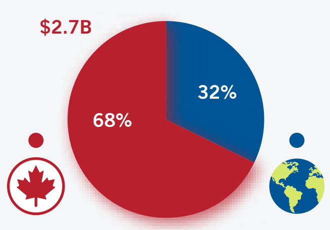
Exports to Canada = 3.5% OF VT'S GDP

### Bilateral Trade with Canada

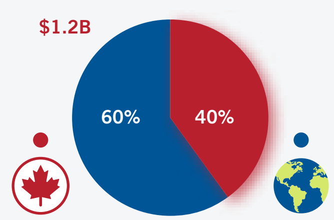



Change during restrictions = -21%

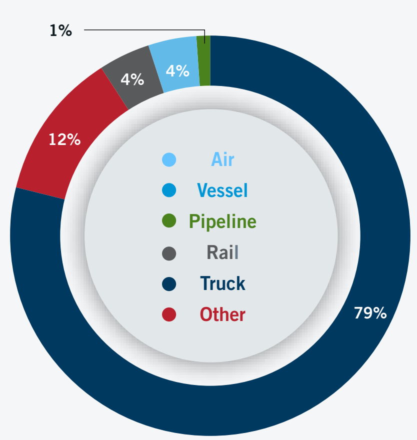
### Imports from Canada




### Exports to Canada



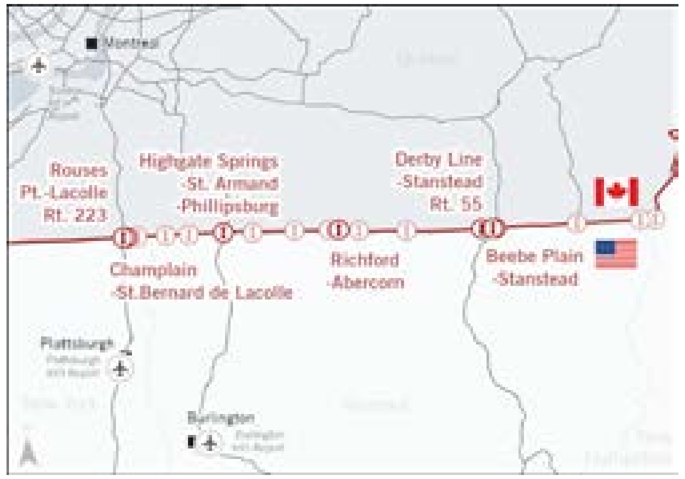

### Bilateral Trade by Mode

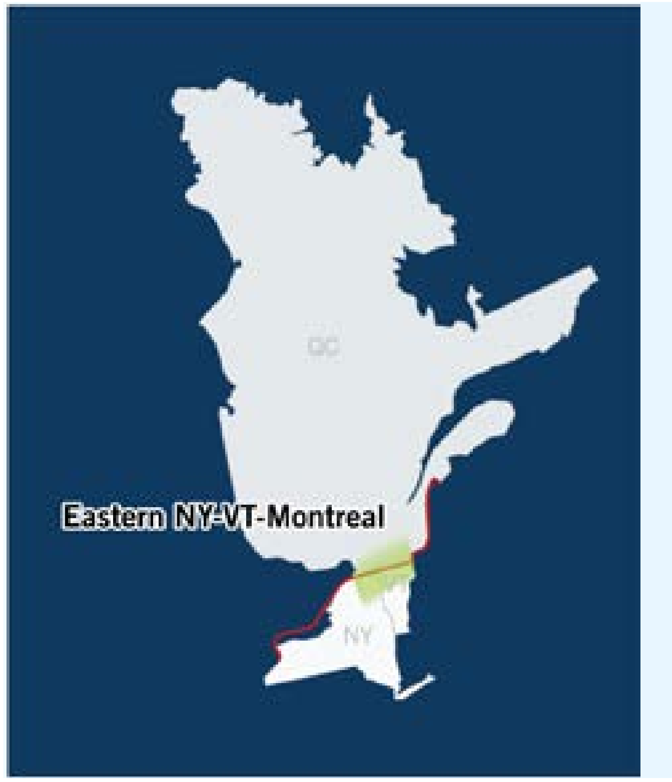



#1 Import from Canada
(HS27) Mineral Fuels
VALUE = $818M

#1 Export to Canada
(HS85) Electric Machinery
VALUE = $710M






## Eastern New York – Vermont – Montréal

*Jeffrey Ayres, Department of Political Science and International Relations, Saint Michael's College*

**Key Highlights:**

- Canadians—who represent over 85% of all international visitors to the state—inject approximately $150 million (USD) annually into the state's economy.
- With Québec being Vermont's largest trading partner, in recent years, provincial and state officials have worked to deepen the economic relationship, hosting conferences, signing memorandums of understanding and joint cooperation agreements, and, at times, successfully responding to challenges when relationships at the federal level between Canada and the US have been less collaborative.
- The year-long border restrictions have been deeply painful and disruptive for many families and small businesses in the borderlands north country, many of whom would have preferred a more regionally-based or phased border closure and reopening approach by the Canadian and US governments.

The people of the geographic region that includes the state of Vermont, Plattsburgh, New York (including Clinton County), and especially the lower area of the province of Québec including the city of Montréal and the Eastern Townships, have long shared a sense of "regionness" characterized by patterns of cooperation, integration, convergence, and complementarity within a cross-border space. This evolving regionalism has been shaped historically by a francophone heritage and more recently by growing economic ties including cross-border shopping, tourism and recreation, extended and multi-generational cross-border family ties, and growing economic cooperation involving targeted industries such as aerospace and energy. The diversity of the actors engaged in this cross-border collaboration include state and provincial officials pursuing para-diplomatic ties; civil society groups from New York, Vermont, and Québec focused on the environmental damage caused by fertilizer run-off into Lake Champlain; Vermont officials working with Québec businesses seeking a first US presence in the Green Mountain state; and neighbors and extended family straddling the smaller towns on both sides of this region of the Canada–US border.

The arrival of the COVID-19, however, disrupted the relative ease and convenience of cross-border travel that so many in this region took for granted, even after the tightening of security following the September 11, 2001, terrorist attacks on the US. The announcement

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that effective March 21, 2020, Canada and the United States would close the border to all non-essential travel in an effort to slow the spread of the virus was historically unprecedented. This announcement was preceded by the detection in Québec of its first COVID-19 case on February 27, in Vermont of its first presumptive case on March 7, and the first case in the "North Country" of the Plattsburgh, New York region on March 14. Shortly after the imposition of border restrictions, Québec Premier Francois Legault ordered a total lockdown of the province, and the personal and professional lives of millions of people on both sides of the international border were turned upside down. This next section provides a snapshot of the impact of COVID-19 cross-border travel restrictions on the partnerships and relationships in this micro-region of Vermont–Plattsburgh, New York–Montréal, Québec, highlighting both macro-level disruptions to businesses so reliant on trade, tourism, and retail shopping, as well as examples in which the restrictions have disrupted daily life for individuals and families.

## Impact of Border Restrictions on Tourism, Retail Spending, and Other Economic Indicators

Millions of people normally cross the border annually in this region for cross-border shopping, tourism, recreation, second-home ownership, use of their boats in marinas on Lake Champlain, family visits, and even as members of cross-border curling clubs. Yet, as the North Country Chamber of Commerce in Newport, Vermont, noted, two major types of commerce and/or spending have been affected most by the border restrictions: 1) spending by day-trippers who live on either side of the border and who cross to purchase groceries and gas for their cars and to visit neighbors; and 2) a larger population that crosses the border for longer stays for tourism or recreation. Data from five Vermont–Québec ports-of-entry—Beecher Falls, Derby Line, Highgate Springs-Alburg, Norton and Richford—and the Champlain Rouses Point ports-of-entry in New York—provide a sobering portrait of a collapse in cross-border traffic with the implementation of the COVID-19 restrictions. In 2019, over five million people crossed the border through these ports-of-entry, with approximately 65% of the travelers being Canadian. Once the border closed to all but non-essential traffic, from April through December 2020, monthly cross-border passenger traffic decreased by an average of 97%.

According to the Vermont Agency for Commerce and Community Development, **Canadians—who represent over 85% of all international visitors to the state**—inject approximately $150 million (USD) annually into the state's economy, with anywhere between 600,000 to 700,000 Canadian tourists booking hotel rooms, staying in cabins along Lake Champlain or in the Green Mountains, or making day trips to such popular destinations as Burlington's Church Street Marketplace. Each year, for example, Canadian visitors spend roughly $60 million on lodging, $30 million in restaurants, $30 million in retail stores, and another $20 million on travel services, a significant contribution to Vermont's overall $2.8 billion tourism industry, all in USD. While the 14-day quarantine requirement for out-of-state arrivals would have inevitably undermined regular daily or weekend cross-border traffic, the accumulated economic damage of the border closure month after month has dramatically hurt the financial well-being of retailers, markets, and other businesses traditionally reliant on Canadian shoppers. The North Country Chamber of Commerce in Clinton County, New York, reports significant economic pain being felt from the impact of the border restrictions, with a conservative estimate of a loss of $310 million (USD) a year of Canadian tourist and retail spending and a $12 million (USD) sales tax loss due to COVID-19.

For some businesses near the border, that at times earn in one summer day from Canadian tourists what they might earn in an entire week during the winter, the border closure prohibiting non-essential cross-border traffic has added more uncertainty and difficulty to an already upended year. Air travel out of Burlington International Airport (BTV), for example, through much of 2020 decreased by 70-80%, clearly due in part to the near elimination of Canadian travelers, who normally account for over a third of all passengers out of BTV. Across Lake Champlain, Plattsburgh International Airport (PBG), nicknamed "Montréal's US airport" and even more dependent upon Canadian passengers—with roughly 70% from Québec, has been hurt as well by the border restrictions. However, some snowbirds have found a loophole in the border restrictions—logistics companies are flying Canadians on charter flights into PBG, while companies drive the snowbirds' cars or motor homes across the border to the airport. Transporting vehicles in this manner counts as commercial or essential traffic, and despite the border restrictions, Canadians arriving into the US by air are admitted into New York and subject only to the same quarantine restrictions that travelers from other US states would face.

Québec has certainly suffered economically as well from the border restrictions, with normal American tourist hot spots including Québec City and Montréal seeing a dramatic decline in visitors over the past year. Some of the damage is likely domestic—the province of Québec and city of Montréal have been epicenters at different scales for the coronavirus—and despite Ontario having more cases provincially, Québec has experienced the most COVID-19 related deaths of any Canadian province by several thousand. The year of 2019 was strong for the province for tourism; according to Alliance de l'Industrie Touristique du Québec (AITQ), the province welcomed an estimated 35 million visitors, with the one-quarter that originated outside the province generating 53% of the tourism-related revenues. However, 2020 was devastating to Québec's tourism industry, with average spending from international tourists in Montréal down over 90%, according to Tourism Montréal. In fact, for more than 100 years, Tourism Montréal had never recorded such record lows for entries at Québec's borders, passenger traffic at the Montréal-Trudeau airport, the number of visiting tourists, and hotel occupancy rates. With events such as the Montréal International Jazz Festival, the Canadian Grand Prix, and the Just for Laughs Festival all cancelled in 2020, estimates are that the city has lost well over $550 million in spending over the first year of the pandemic due to the absence of US visitors.

## People-to-People Ties within the Cross-Border Regional Francophone Community

Individuals, families, and communities across the Vermont–Plattsburgh–Québec borderland region share a history shaped by shared language, customs, industry, agriculture, and recreation. Of course, nearly one million immigrants from Québec settled in Vermont and greater New England between 1830 and 1930, with the factories of this region south of the border offering attractive job opportunities with stable incomes. Today, with approximately 25% of Vermonters today still tracing their ancestry to Québec and with the surnames in the northern part of the state still heavily French-influenced, the French ancestry of the region remains visible along with many more intentional efforts on the part of state, commercial, and nonprofit entities connecting with and

### Impact of Border Restrictions on the Vermont Ski Industry

Vermont's ski industry—accounting for roughly half of Vermont's total tourism industry—averages 4 million skier visits annually, with millions of people within driving distance in Canada, Massachusetts, New York, New Jersey and Connecticut.

In fact, being a skier "drive market" gives Vermont its competitive advantage, with 20 alpine and 30 cross-country ski destinations supporting approximately 12,000 direct and 22,000 indirect jobs connected to sales of lift tickets, equipment, clothing, gasoline, restaurant meals, lodging, and gifts. When Vermont Governor Phil Scott announced on November 10, 2020 a mandatory 14-day quarantine for any person entering Vermont or returning to Vermont for non-essential travel, the ski industry was poised to take a financial hit.

Many Vermont ski resorts did make adjustments in response to the quarantine, investing in new technologies including expanding customer pre-purchasing online to reduce lines and crowding, and emphasizing increased on-site sanitation with hand sanitizing stations and additional bathrooms.

However, the Canada–US border restrictions due to COVID-19 still affected ski resorts closer to the Canadian border. Jay Peak, just four miles south of the border, which usually sees half of its skiers visiting from Québec annually, normally sells 1,600 season passes. Yet, in 2020, clearly due to the border closure, those pass sales were down roughly 30 percent from 2019, forcing Jay to refund season passes or credit them to next year's season.

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### Life on the Border: COVID-19 Splits a Community in Half

The Haskell Free Library and Opera House, with addresses both in Stanstead, Québec and Derby Line, Vermont, and situated literally on the Québec-Vermont border, is one of the most recognizable examples of cross-border cultural and literary collaboration in this region. With a piece of masking tape famously marking the international border inside the building, patrons may enter the front door from Vermont to view the community bulletin board and children's section, while the reading room and the rest of the library's collection are located in Québec. In 2018, volunteer community members from both sides of the border formed the Borderline Players, a theater company "bridging the border communities of Vermont and Québec through arts and entertainment," which puts on performances at the Opera House, which is registered as a non-profit in both Vermont and Québec.

However, the onset of COVID-19 and the implementation of the border restrictions split the community in half, shutting down the Haskell Free Library and Opera House, and disrupting the lives of families, neighbors and "daytrippers" accustomed to daily and uneventful border crossings. While the building remains closed, e-books and the electronic databases of the library remain accessible, and the library had instituted contact-free delivery service for patrons on both sides of the border. The Borderline Players postponed performances until at least late 2021, halting a shared arts and culture experience for members of the border community. Meanwhile, the Border Jets, the recreational youth hockey team based in Stanstead, Québec at the Pat Burns arena, and comprised of roughly 50 percent Canadian and 50 percent US citizens, was forced to suspend the remainder of its 2019-20 season and cancel its 2020-21 season due to the border closure.

inviting Quebecers across the border. The Church Street Marketplace pedestrian mall in downtown Burlington, Vermont's largest city, is populated with independent shops and cafes prominently displaying blue "Bienvenue Québécois" stickers on the front of their establishments, and on June 24—Québec's national holiday of Saint-Jean-Baptiste Day—the entire four blocks of Church Street is decorated with numerous Fleurdelisés or flags of Québec. In 2013 the local Alliance Francaise of the Lake Champlain Region installed over 700 French-English bilingual signs on parking meters throughout the city, and the group sponsors a "Bilingual Burlington" program providing French immersion classes to employees of local businesses, while the local University of Vermont Medical Center and Burlington International Airport provide bilingual websites, signs and services in French. In fact, Je Me Souviens license plates on cars from Québec are arguably as frequently seen as New York and Vermont plates when heading to Plattsburgh, New York via I-87 or to Burlington, Vermont via I-89—or in the suburban mall parking lots in both cities.

There are also strong cultural, recreational, and even culinary ties, which have encouraged cross-border exchange and visits, especially between members of the border towns in Vermont, New York, and Québec. An international culinary tasting trail, informally launched in October 2018, and tying together eateries and farms through New York, Vermont, Québec, and Ontario, connect food, craft beer, and vineyards through agri-tourism efforts designed to promote a cross-border, hands-on farm and food experience. Québec and Vermont both have a rich and long agricultural heritage; it was, in fact, a Québec farmer who recognized the potential for creating a cross-border connection with similar farming communities in Vermont—and the 1,000-mile/1,600-km trail represents an important regional economic growth initiative. The international culinary trail builds on a network of existing culinary trails in both that province and state, such as the Lake Champlain Tasting Trail in Vermont, and includes goat and blue cheeses, cider mills, breweries, maple syrup stands, bakeries, dairy bars and vineyards from Québec's growing wine industry. The Lake Champlain Bikeways—named one of the top ten tours by Adventure Cycling—in the Lake Champlain Valley of Vermont, New York, and Québec, includes the Champlain Bikeway, a 363-mile/1,067-km route along the Lake and along the Richelieu River to Chambly, Québec.

### Deepening of Cross-Border Collaboration and Resilience in the Face of COVID-19

Vermont and Québec share a 90-mile/148-km-long border and have enjoyed traditionally strong and expanding trade ties, with exchanges annually in cross-border trade averaging $5 billion, most of that being goods imported from Québec to Vermont. **With Québec being Vermont's largest trading partner, in recent years, provincial and state officials have worked to deepen the economic relationship, hosting conferences, signing memorandums of understanding and joint cooperation agreements, and, at times, successfully responding to challenges when relationships at the federal level between Canada and the US have been less collaborative.** This framework for increased Québec–Vermont collaboration has arguably been encouraged from the efforts of the bilateral New England Governors and Eastern Canadian Premiers (NEG/ECP), which since 1973 has been a forum for increased communication and cooperation on issues of mutual concern between the six New England states and five eastern Canadian provinces. An important and successful example of para-diplomacy—international relations conducted by regional or subnational governments—the NEG/ECP currently maintains three joint committees to address shared binational concerns: the Committee on the Environment (including the Climate Change Steering Committee), the Northeast International Committee on Energy, and the Transportation and Air Quality Committee. In August 2018, then Québec Premier Philippe Couillard and Vermont Governor Phil Scott—the latter the host of the 42nd annual NEG/ECP conference in Vermont—signed a joint declaration affirming the commitment to promote sustainable development collaboratively, fight climate change, encourage student mobility, and promote innovation in aerospace and advanced manufacturing. That at least 50% of Vermont's electricity originates from HydroQuébec's hydropower operations is an illustration of a regional and growing interdependence of energy infrastructure, with cross-border flows of energy resources having increased significantly since the signing of the North American Free Trade Agreement (now the USMCA).

Many different non-state actors from the business, education, and arts and cultural communities in Vermont, New York, and Québec have built and strengthened cross-border networks over the years, illustrating the benefits of regional action and collaboration. In 2015, for example, the Lake Champlain Chamber of Commerce started a new program called the Vermont-Québec Enterprise Initiative, designed to strengthen ties between the state and the province and to promote Vermont as a site for Québec businesses to establish a presence south of the border. Two years earlier, the Vermont Aerospace and Aviation Association signed a memorandum of understanding with Aéro Montréal, a strategic think tank of Québec's aerospace cluster, to create the Vermont-Québec Aerospace Trade Corridor. This corridor supports the flow of supply chain contacts and contracts between Vermont's $2.0 billion (USD) aerospace and aviation cluster and Québec's $17.8 (USD) billion aerospace cluster.

Despite obvious challenges posed by the border restrictions, the cross-border collaboration by binational networks and government and industry actors has persevered. In December 2020, for example, the Vermont Agency of Commerce and Community Development and the US Small Business Administration partnered with the Vermont Chamber of Commerce and US Commercial Service to support a Vermont delegation's participation in Aéro Montréal's fully virtual Innovation Forum, with the theme "Smart Travelling Rethought." Looking ahead, in September 2021, the Vermont Chamber of Commerce will be hosting a virtual supply chain summit for advanced manufacturing for businesses throughout Québec and New England. The Lake Champlain Basin Program (LCBP)—a cross-border initiative that restores and protects Lake Champlain and its surrounding watershed—works with educational institutions, businesses, governments, community organizations, and citizens advisory committees in Vermont, New York, and Québec, to coordinate and fund efforts to address phosphorus pollution, biodiversity, toxic substances, climate change, and aquatic invasive species. Since the early stage of the COVID-19 pandemic, the LCBP has been providing emergency funding through grants to watershed organizations struggling to maintain operations during the pandemic in the cross-border Lake Champlain

### Roxham Road: Closing the Border to Irregular Crossings by Asylum Seekers

In rural Clinton County, New York, less than 10-mi/16-km west of the Champlain Rouses Point-Lacolle official border crossing, and a 30-minute tax ride from Plattsburgh, is Roxham Road, which dead ends into the border separating New York from Québec, and where over 90 percent of all irregular crossings of asylum seekers into Canada from the US have taken place since 2017. Over 50,000 people—at its peak averaging 150 a day—have used Roxham Road to embrace a "loophole" in the Safe Third Country Agreement (STCA), which was signed by Canada and the US in 2002 to manage the flow of asylum claimants at land border ports-of-entry. Unless people qualify for an exception to the STCA, asylum seekers are required according to the agreement to request refugee protection in the first safe country they arrive in, resulting in especially those majorities seeking to leave the US for Canada through official ports of entry being returned to the US. However, the loophole allows people to irregularly cross at unofficial ports-of-entry, most frequently at Roxham Road, and not be immediately returned to the US, but rather be apprehended by RCMP officers and taken to official entry points to process a claim legally.

For several years, border community humanitarian groups, such as the New York-based Plattsburgh Cares and Québec's Bridges Not Borders/Créons des Ponts, have cooperated across the border, providing information and resources to would-be refugee claimants and managing informational websites to publicize the challenges facing asylum seekers seeking to enter Canada at Roxham Road. The border restrictions imposed on March 21, 2020, however, not only undermined the cross-border human rights collaboration between Plattsburgh Cares and Bridges Not Borders/Créons des Ponts, but all but ended irregular crossings for asylum seekers, except for those individuals that already met STCA exceptions. The border restrictions thus effectively extended the principles of the STCA across the entire Canada–US land border by eliminating the loophole, exacerbating the already precarious lives of asylum seekers and refugee claimants during the COVID-19 pandemic, and subjecting those still attempting to cross irregularly at Roxham Road into Canada to apprehension by US immigration and customs officials for possible detention and deportation.

region. The North Country Chamber of Commerce based in Plattsburgh, New York has also continued to advocate for the continuation of cross-border investment and commerce, hosting a virtual International Trade Week from March 9-11, 2021, with virtual information sessions featuring Canadian and US officials providing guidance on best practices for navigating and crossing the border during the COVID-19 pandemic.

## Conclusions: Looking Ahead to a Reopened Border

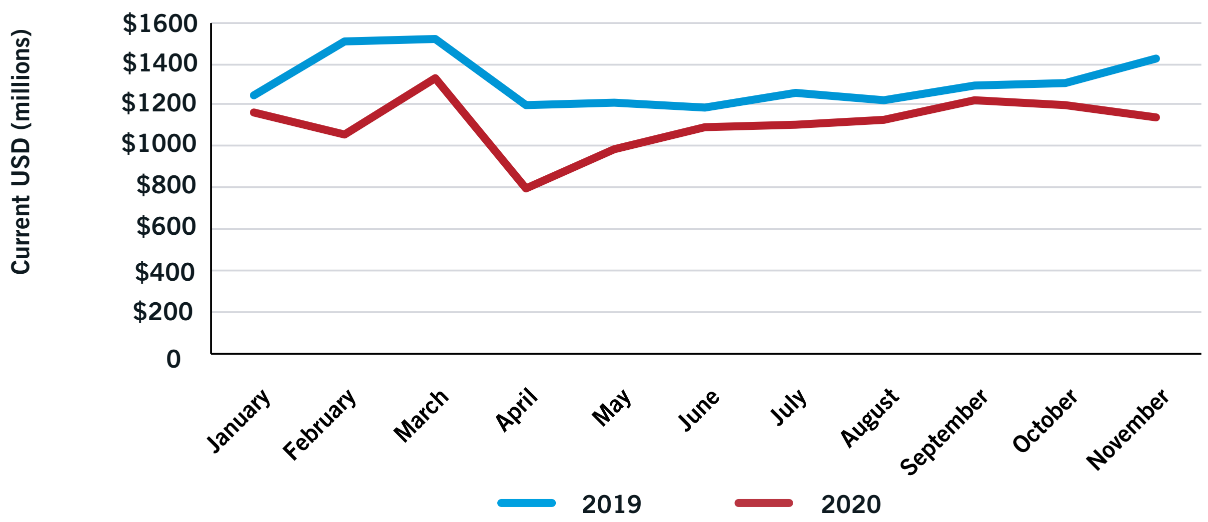
The continuation of cross-border travel for essential services during the pandemic has meant that two of the largest ports-of-entry between Canada and the US in this region—Champlain Rouses Point–Lacolle and Highgate Springs–St. Armand/Philipsburg—experienced a reduction in trade by truck as the pandemic hit, and then a gradual but not quite full return to 2019 levels for the remainder of 2020 (see Figures 1 and 2). The August 2020 groundbreaking by the Ministry of Transport Québec on the third segment of construction of Autoroute 35, which will connect the Highgate Springs–St. Armand/Philipsburg crossing of the Canada–US border directly with Montréal, should only further accelerate post-pandemic commercial and even non-essential traffic flows. However, it is the lasting personal impact that the ongoing border restrictions have imposed on individuals, families, border communities, and smaller businesses especially in the hospitality, tourism, and retail services that will take much more time to measure and fully assess. Certainly, it does seem that the weaker Canadian dollar of recent years as well as the more restrictive immigration policies of the Trump Administration may have given some individuals in Canada second thoughts about the wisdom of crossing the border into the US prior to the onset of the COVID-19 pandemic. **But it is clear that the year-long border restrictions due to the virus have been deeply painful and disruptive for many families and small businesses in the borderlands north country, many of whom would have preferred a more regionally based or phased border closure and reopening approach by the Canadian and US governments.**

Unquestionably, once the border restrictions are lifted, there needs to be greater federal and subnational attention to what is likely to be lasting damage to the economic well-being and social capital of these borderland communities in the greater Vermont–Plattsburgh, New York–Montréal, Québec region.



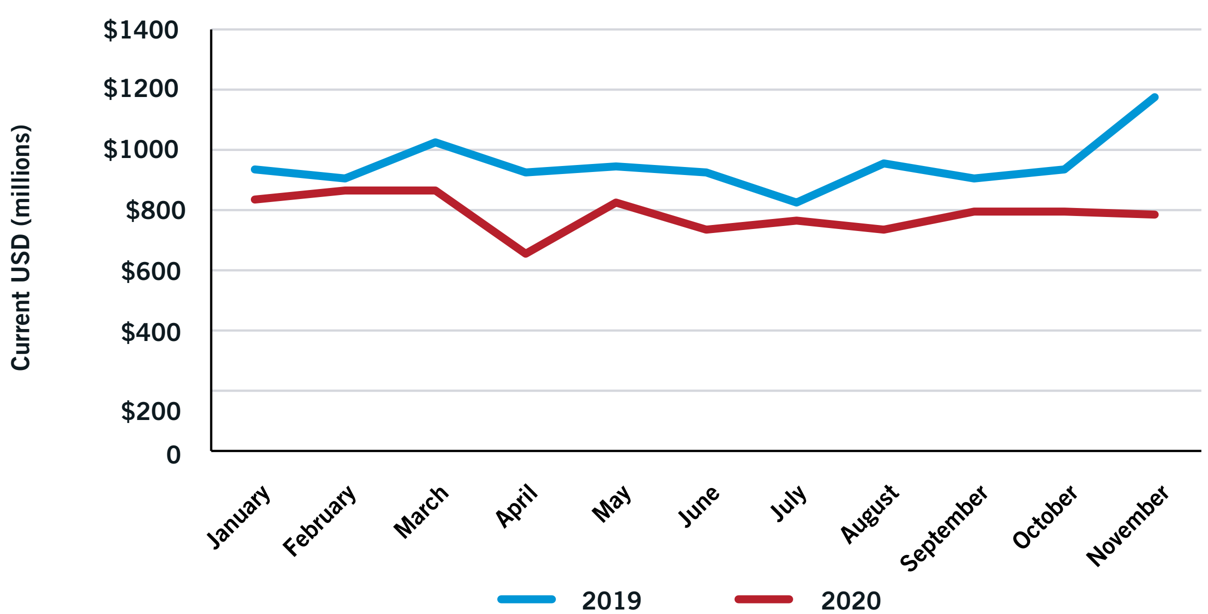
Eastern New York – Vermont – Montréal

*Vermont Figure 1. Value of truck imports to Vermont from Canada by month, Jan-Nov 2019 vs. 2020*




*Source: Transborder Freight Data, US Bureau of Transportation Statistics*

*Vermont Figure 2. Value of truck exports from Vermont to Canada by month, Jan-Nov 2019 vs. 2020*




*Source: Transborder Freight Data, US Bureau of Transportation Statistics*

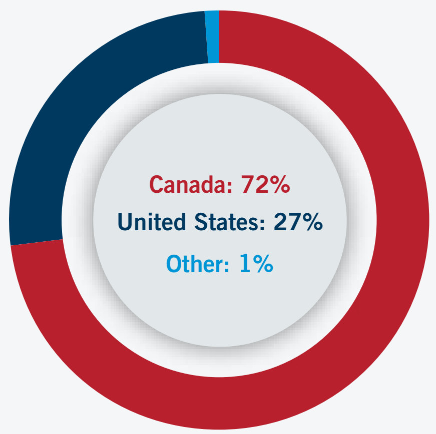
Crossing Volumes through Region (2019)

### Travelers

3.3M = 6% of all entries

Change during restrictions = -93%

### Traveler by Residency




### Truck Traffic

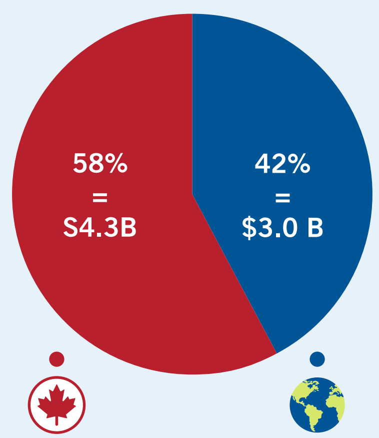
282K = 5% of all truck traffic

Change during restrictions = -9%

Trade Between Maine and Canada (2019)

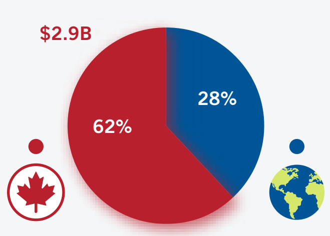
Exports to Canada = 2.1% OF ME'S GDP

### Bilateral Trade with Canada

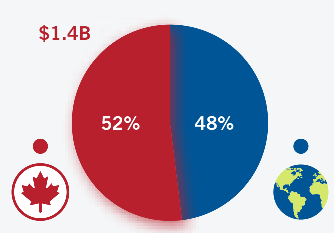



Change during restrictions = -10%

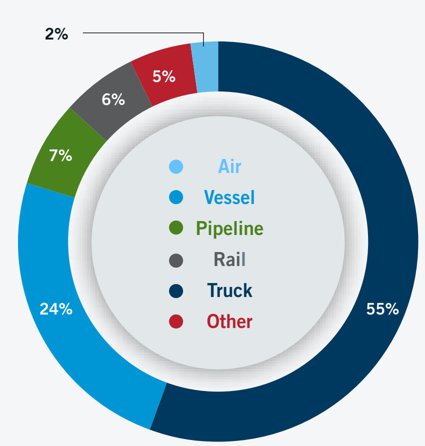
### Imports from Canada




### Exports to Canada




### Bilateral Trade by Mode




**#1 Import from Canada**
(HS27) Mineral Fuels
VALUE = $1.3B

**#1 Export to Canada**
(HS03) Fish, Crustaceans & Aquatic Invertebrates
VALUE = $377M



Maine – Québec – New Brunswick



## Maine – Québec – New Brunswick

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**Key Highlights:**

- Although bilateral trade between Canada and Maine increased in 2020 compared to the year before, the border restrictions have taken a heavy toll on local Maine businesses.
- International trade between Maine and Canada continued to increase, even during the pandemic, strengthening the regional interdependence even more. This however did not have positive repercussions on the local borderland economy.
- Local borderland economies are heavily interdependent, yet this reality is not reflected in the macro data of international trade.

Contrary to the other borderland regions along the 49th parallel of the Canada–US border, the Maine–Canada borderland dynamics may be traced back to the early history of nation building. Over time, this interdependent relationship overcame the dismantling of the 1854 Reciprocity Agreement, the failed 1911 Reciprocity Treaty, the nationalist-centered interwar years, the Great Depression, the neoliberal adjustments of the 1980s, the anti-free trade initiatives of the 1990s and early 2000s, and the global financial crisis of 2008. The recent bilateral restrictions at the border, resulting from the threats of the COVID-19 pandemic, have once again revealed the critical interdependence of this particular borderland region.

Maine, over time, has become somewhat isolated from the rest of the US and thus more dependent on Canada. Recent quantitative data reveals part of the story, but the real impact may be more accurately measured by qualitative data that shows the intimate relationship between the Provinces of Québec and New Brunswick and the state of Maine. As indicated by Presque Isle's [Maine] City Manager, Martin Puckett, the importance of the bilateral relationship is not in the qualitative data, but in the deeply rooted "cultural exchange and family ties" that truly bring the region together.[1] The March 21, 2020, border crossing restrictions have negatively impacted local economies across Maine.[2] While the restrictive policy does not apply to the traditional flow of bilateral trade and commerce, thereby keeping the North American supply chains open, they have limited the entry of thousands of Canadian citizens that typically visit the state on an annual basis.[3] This has had a devastating impact on the small business sector, severed borderland families, and brought the bilateral cultural exchange to a complete stop.

The 2020 macro lens shows that Maine's total exports decreased by 14.5%, from $2.7 to $2.3 billion (USD).[4] Exports to Canada, a market that represents 58% of the state's total exports, experienced a decrease of 12.9%.[5] Meanwhile, total imports entering the state increased by 2.5%, from $4.6 to $4.8 billion (USD).[6] Canada's share of total imports increased 10% during this period, representing 67% of the state's total imports.[7] The export and import data show that the state's interdependence with the Canadian economy continued to grow even during the first year of the COVID-19 pandemic.

Maine's exports to Canada decreased, particularly in the areas of lobsters (live, fresh, and chilled), chemical wood pulp, paper and paperboard, and chemicals for use in electronics.[8] Meanwhile, the increase in Canadian imports centered on coniferous wood, petroleum bitumen, aluminum, and parts of gas turbines.[9] These changes in trade reflected the dynamics of international markets and supply chains that adapted to the global shifts in supply and demand. Macro data show the broad picture of Maine's economy and more particularly its interconnectivity to the United States-Mexico-Canada Agreement (USMCA), but it does not reflect what happened on the ground once the Canadian and US governments restricted the border to essential traffic.

## Cross-Border Transportation

The number of Canadian visitors crossing into Maine through land and sea ports-of-entry declined drastically in 2020 as a result of the border restrictions. An increase in traffic in the months of January (7%) and February (10%) were followed by sharp average monthly decreases of 93%.[10] The number of bus and train passengers, pedestrians, and personal vehicle passengers crossing into Maine declined by 79% in the year 2020, from 3.3 million to 697,492.[11] Passenger vehicle crossings that fuel the local economy and sustain the state's retail and tourist industries averaged a monthly 90% decline from March to December.[12]

The Bridgewater, Calais, Eastport, Fort Fairfield, Fort Kent, Houlton, Jackman, Limestone, Madawaska, Van Buren, and Vanceboro borderland crossings all experienced declining traffic of Canadian citizens. For example, Calais, the most congested border crossing along the Maine border, experienced severe alterations in traffic. It declined from 50,042 passengers in April of 2019 to 2,519 passengers in April of 2020.[13] This 95% decrease in traffic resulted in a decline in economic activity for local economies across the state whose retail and tourist industries are dependent on Canadian visitors.

At the peak of the summer season, when Canadian visitors

*[1] Martin Puckett (City Manager, Presque Isle, Maine, US), meeting, February 8, 2021.*

*[2] Prime Minister Announces Temporary Border Agreement with the United States," Prime Minister of Canada, March 20, 2020, https://pm.gc.ca/en/news/news-releases/2020/03/20/prime-minister-announces-temporary-border-agreement-united-states.*

*[3] Joseph Cyr, "Canada Institutes Border Restrictions," Bangor Daily News, March 17, 2020, https://bangordailynews.com/2020/03/16/news/aroostook/Canada–institutes-border-restrictions/.*

*[4] "Foreign Trade: State Exports from Maine," US Census Bureau, accessed January 22, 2021, https://www.census.gov/foreign-trade/statistics/state/data/me.html.*

*[5] "Foreign Trade: State Exports from Maine," US Census Bureau.*

*[6] "Foreign Trade: State Imports for Maine," US Census Bureau, accessed January 22, 2021, https://www.census.gov/foreign-trade/statistics/state/data/imports/me.html.*

*[7] "Foreign Trade: State Imports for Maine," US Census Bureau.*

*[8] "Foreign Trade: State Exports from Maine," US Census Bureau.*

*[9] "Foreign Trade: State Imports for Maine," US Census Bureau.*

*[10] "Border Crossing Entry Data – Monthly Data," US Bureau of Transportation Statistics, accessed February 12, 2021, https://explore.dot.gov/views/BorderCrossingData/Monthly?:isGuestRedirectFromVizportal=y&:embed=y.*

*[11] "Border Crossing Entry Data – Monthly Data," US Bureau of Transportation Statistics.*

*[12] "Border Crossing Entry Data – Monthly Data," US Bureau of Transportation Statistics.*

*[13] "Border Crossing Entry Data – Monthly Data," US Bureau of Transportation Statistics.*



Maine – Québec – New Brunswick

traditionally enjoy Maine's coastal economy, the decrease in traffic has been significant. Between August of 2019 and 2020, border crossings such as Houlton, Jackman, and Madawaska experienced decreases in traffic of 93%, 91%, and 95% respectively.[14] The impact of these drastic shifts in traffic is difficult to measure since data for small business activity is not currently available. Nevertheless qualitative data provides a clearer picture of what happened on the ground in some of these local economies that are bypassed by the macro analyses of international trade. It is, however, possible to conclude that the state's tourist and retail industry has been negatively affected by the restrictions at the border.

## Tourism and Retail

Early in 2020, before the pandemic, Lonely Planet had ranked Maine as one of the world's top travel destinations.[15] The tourism and retail industry expected that the state's bicentennial was going to bring increases in traffic, capitalizing on the explosion of culinary businesses, coffee roasters, artisan bakers, and craft brewers and the revival of local economies backed by new lodging construction and other tourist infrastructure. This projection was also supported by a 2019 report from the Maine Office of Tourism that indicated that the industry had brought into the state a total of $6.5 billion (USD), which translated to "116,000 jobs—about 17% of employment in the state."[16] Out of 37.4 million people that visited the state in 2019, 56% were non-residents (20.8 million), representing $5.1 billion (USD) in direct spending.[17] This positive economic activity directly impacted retail sales, restaurant/food/lodging, transportation/gasoline, and recreation.[18] Canadian visitors were direct contributors to this growth.

In 2019, Canadian day and overnight visitors accounted for 5.4 million visitors, representing "nearly one-fifth of all tourism-related retail expenditures in the state."[19] The state's report indicated that Canadian visitors spent almost $1.2 billion (USD) in Maine, close to $330 million (USD) just in stores across Maine.[20] The state projected an increase of 0.7% in overall growth in this sector during 2020, but the pandemic and the border restrictions that followed brought that momentum to a halt.

From February to March 2020, the number of Canadians crossing into Maine had decreased by 42%.[21] From then onward, sharp average monthly decreases of 93% continued to be the trend up to the present time. This meant a drastic decline in day and overnight visitors as well as a sharp decline in retail expenditures. Overall, the arts, entertainment, and recreation sectors experienced declines in revenues, falling from $754 million (USD) to $413 million (USD) in the comparison of third quarter results for the period 2019-2020.[22] The same was the case for accommodations and food services, another sector that saw revenues slip from $3.1 billion (USD) to $2.5 billion (USD) during the same third quarter.[23]

In the Bar Harbor economic region (Economic Summary Area [ESA]), for example, lodging retail sales dropped by 25% during the third quarter, while restaurant sales dropped by 35%. Portland's ESA lodging retail sales dropped by 64% during the crucial third quarter, while Biddeford's ESA, which includes the highly frequented Old Orchard Beach, dropped by 39%.[25]

Closer to the Canadian border, the impact on lodging retail sales was considerable during the second and third quarters of 2020 when compared to 2019 data.

*[14] "Border Crossing Entry Data – Monthly Data," US Bureau of Transportation Statistics.*

*[15] Jeffrey Schools, "Maine Ranked One of the World's Top travel Destinations in 2020," News Center Maine, October 26, 2019, https://www.newscentermaine.com/article/travel/maine-ranked-one-of-the-worlds-top-travel-destinations-in-2020/97-ca13f9cf-fec3-4cb1-819f-a149fa0de92f.*

*[16] Maine Office of Tourism, "2019 Maine Office of Tourism Highlights," Maine Department of Economic and Community Development, 2019, https://motpartners.com/wp-content/uploads/2020/06/2019_Maine_Tourism_Highlights.pdf.*

*[17] Maine Office of Tourism, "2019 Maine Office of Tourism Highlights."*

*[18] Maine Office of Tourism, "2019 Maine Office of Tourism Highlights."*

*[19] Maine Office of Tourism, "2019 Maine Office of Tourism Highlights."*

*[20] Maine Office of Tourism, "2019 Maine Office of Tourism Highlights."*

*[21] Staff, "US, Canada Renew Border Closure, Continuing Travel Shutdown to Maine," Mainebiz, October 20, 2020, https://www.mainebiz.biz/article/us-Canada–renew-border-closure-continuing-travel-shutdown-to-maine#:~:text=In%20Maine%2C%20830%2C000%20Canadian%20travelers,the%20Canadian%20Trade%20Commissioner%20Service.*

*[22] Todd Seibeneck and Catherine Wang, "Gross Domestic Product (GDP) by State: 3rd Quarter 2020," US Bureau of Economic Analysis, December 23, 2020, https://www.bea.gov/sites/default/files/2020-12/qgdpstate1220_0.pdf.*

*[23] Todd Seibeneck and Catherine Wang, "Gross Domestic Product (GDP) by State: 3rd Quarter 2020."*

In the Presque Isle ESA, lodging retail sales dropped by 46% in March, 80% in April, and another 80% in May.[26] Meanwhile, in the Houlton ESA, lodging retail sales declined by 39% in the third quarter, and in the Madawaska ESA, sales declined by 69% and 38% in the second and third quarters respectively.[27]

Without credit card data or any other data that could further distinguish Canadian from non-Canadian transactions, it is difficult to pinpoint the exact repercussions from the restriction of the border to essential traffic. Nevertheless, it can be concluded that at least one-fifth of the close to $1 million (USD) lost in restaurant and lodging taxable retail sales between the second and third quarters of 2020 reflect the magnitude of the problem, particularly when taking into account the dependency of certain small businesses on the Canadian consumer. The impact is more effectively measured by looking at the situation experienced by communities and small businesses across the Maine–Canada border.

## Culture and People-to-People Ties

The March 18, 2020, Canadian and US government announcements regarding the border restrictions changed the lives of many Mainers. Small businesses that went as far as offering Canadian clients parity on the Canadian dollar, in order to keep their operations running, were left at the mercy of a local consumer market that did not have the capabilities to sustain business models that were tailored, in part, to attract the Canadian consumer. Without a clear vision of the dynamics of the pandemic, state and local authorities were slow at mitigating the challenges experienced by businesses dependent on Canadian traffic.

Even today, it is not clear what the local impact has been because there is no clear data.

Qualitative research revealed preliminary information on the local impact of COVID-19 and the border restrictions. Conversations at the local level show, for example, that the snowmobiling industry experienced decreases in sales simply because almost a third of the clientele came from Canada, attracted by the Presque Isle ESA facilities.[28] Traditionally, grocery stores across the northern borderland region continuously served Canadian visitors as has, of course, the Aroostook Centre Mall that was erected in 1993 with "the hopes that Canadian shoppers would flock to the mall for American goods and inject much-needed tourism dollars into the struggling Aroostook County."[29] Although not yet quantifiable, reduction in Canadian traffic has negatively impacted businesses, like the mall, that were imagined and designed with Canadian traffic in mind. Even in Old Town, the bus transportation company, Cyr Bus Line, that tailored part of its business to Canada tours, was forced to incur the losses from cancelling six tours in 2020 and potentially cancelling the five tours scheduled for 2021.[30] The loss of 330 clients last year and the potential for more loss this year as a result of the border restrictions has had tremendous repercussions for small businesses like the Cyr Bus Line that partially relied on the Canadian market.[31]

According to Jeff Bennett, Canada Desk Director at the Maine International Trade Center, "the pandemic and border restrictions have had a significant impact both on Maine's economy and cultural connections."[32] Industry events that connected Maine and Canada, such as the annual Lobster Institute's Canada/US Lobster Town Meeting, were forced to cancel, denying local businesses, retail, and the hospitality industry from capitalizing on this and numerous other industry events that typically provide revenues in the local communities across the state.[33]

The Atlantic Canada Studies Conference, organized by the University of Maine's Canadian American Center and

24 "Taxable Retail Sales – Quarterly," Maine State Economist, accessed February 19, 2021, http://econ.maine.gov/index/sheet.
25 "Taxable Retail Sales – Quarterly," Maine State Economist.
26 "Taxable Retail Sales – Quarterly," Maine State Economist.
27 "Taxable Retail Sales – Quarterly," Maine State Economist.
28 Martin Puckett (City Manager, Presque Isle, Maine, US), meeting, February 8, 2021.
29 Caldor, "Aroostook Centre Mall; Presque Isle, Maine," Labelscar: The Retail History Blog, August 2, 2006, http://www.labelscar.com/maine/aroostook-centre-mall.
30 Tammy Moore (Tour Coordinator, Cyr Bus Line, Old Town, Maine, US), interview, February 22, 2021.
31 Tammy Moore (Tour Coordinator, Cyr Bus Line, Old Town, Maine, US).
32 Jeff Bennett, "Impact on Maine of Canada–US Border Restrictions Due to COVID-19," Maine International Trade Center, February 24, 2021.





scheduled to take place in Belfast during the month of May 2020, was postponed until May 2021, but the prolonged restrictions forced a second cancelation. This denied the local economy the opportunity to capitalize on foot traffic that would have left thousands of dollars in the hands of owners of restaurants, bars, retail shops, and hotels.

In Presque Isle, the cancellation of the Crown of Maine Balloon Fest resulted in a negative economic impact for the local economy. The annual international event that has always attracted balloonists and spectators from the US and Canada traditionally left a strong economic footprint, but COVID-19 and the border restrictions impeded the organizers from moving forward.[34]

Meanwhile, in Old Orchard Beach, the local hospitality, retail, and restaurant industry struggled in the absence of Canadian visitors that have frequented this beach for generations. Some survived, but it is very unlikely that they will survive a second summer without Canadian visitors. The same may be the case for businesses across Maine that are dependent on Canadian foot traffic.

Maine's iconic retail store, Marden's, experienced reductions in sales and traffic as a direct result of the border restrictions, and so did Sugar Loaf and other Canadian-dependent businesses. From north to south and across the state, the financial impact has been felt. According to Craig Burgess, Marden's General Manager, out of their 14 retail locations, the four located in counties that directly border Canada "have seen major impact in customer count and sales reduction," as a result of the restrictions.[35] When asked about the company's interconnectivity with the Canadian consumer, Burgess said that prior to the border restrictions, they "had a very strong Canadian customer base" that shopped on a daily basis at the Calais and Madawaska stores.[36] Moreover, the stores capitalized on the fact that Canada "has one holiday, long weekend every month," but those large increases in business during the long weekends are gone.[37] The Calais, Madawaska, and Houlton stores have experienced decreases of 20% in sales, with customer counts down 20% to 50%.[38]

Other retail stores in the region have experienced similar losses. Irving Big Shop in Houlton had "significant Canadian clientele prior to the pandemic," and now all that foot traffic is also gone.[39] Woodstock Mayor Art Slipp said that it is more likely that the border restrictions will impact Maine's side the hardest; "New Brunswickers were more likely to cross into Houlton to find better deals on dairy, gasoline, and poultry products, but closure of the border has meant those purchases have had to stay within Canada."[40] This was evident in November 2020, as Black Friday revenue losses were felt by the local community. The losses were neuralgic for the local economy since Black Friday has traditionally attracted Canadian traffic across the 49th parallel.

Holiday and day-to-day traffic has been truncated by the restrictions. Businesses big and small have felt the reduction in Canadian visitors. The Aroostook Valley Country Club in Fort Fairfield, for example, has had difficulties surviving during the 2020 season due to the absence of Canadian golfers.[41] The business, located on both sides of the border, has suffered financially because Canadians have had to "use the Four Falls Border Crossing in New Brunswick to access the course," even

33 Jeff Bennett, "Impact on Maine of Canada–US Border Restrictions Due to COVID-19."
34 David Marino Jr., "International Concerns Play Role in Balloon Fest Cancellation," The County, May 21, 2020, https://thecounty.me/2020/05/21/news/international-concerns-play-role-in-balloon-fest-cancellation/.
35 Craig Burgess (Marden's General Manager), meeting, February 25, 2021.
36 Craig Burgess (Marden's General Manager).
37 Craig Burgess (Marden's General Manager).
38 Craig Burgess (Marden's General Manager).
39 Alexander MacDougall, "Maine Border Town that Relied on Canadian Customers is Feeling the Pandemic's Economic Fallout," Bangor Daily News, January 20, 2021, https://bangordailynews.com/2021/01/20/news/aroostook/a-maine-border-town-that-relied-on-canadian-customers-is-feeling-the-pandemics-economic-fallout/.
40 Alexander MacDougall, "Maine Border Town that Relied on Canadian Customers is Feeling the Pandemic's Economic Fallout."
41 Larry Mahoney, "Maine Golfers at New Brunswick Border Course Advocate for Canadians Banned from Playing There," Bangor Daily News, June 2, 2020, https://bangordailynews.com/2020/06/02/sports/golf/maine-golfers-at-new-brunswick-border-course-advocate-for-canadians-banned-from-playing-there/.
42 Larry Mahoney, "Maine Golfers at New Brunswick Border Course Advocate for Canadians Banned from Playing There."
43 Larry Mahoney, "Maine Golfers at New Brunswick Border Course Advocate for Canadians Banned from Playing There."
44 Larry Mahoney, "Maine Golfers at New Brunswick Border Course Advocate for Canadians Banned from Playing There."

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though the course and the clubhouse are located on the Canadian side.[42] As indicated by Larry Gardner, one of the club's board members, the restrictions have negatively impacted Canadian members in particular; it was "like living in a Stephen King novel," very empty with very few cars in the parking lot when in the past there would be "at least 40" cars.[43] A business like this one, that is 50% dependent on Canadian traffic, may not survive a second summer without Canadians; their presence, said Gardner, is "something critical to [the club's] survival."[44]

Businesses, of course, were not the only ones affected by the border restrictions. People-to-people ties have also been severed by the Canadian and US government policy. This has been the experience in Maine and other communities along the 49th parallel.[45] These stories have been sidelined perhaps because of their lack of broader economic impact, but they represent the reality of families and communities that have historically shared a common border for generations. Couples like Jim Desjardins and Sylvie Corriveau, and Sarah Brewer and Alex Ashmore have been separated by the restricted border. Their local story revealed how the border restrictions "abruptly ended a long practice of openness and freedom of movement between the two countries—splitting up families, friends, and people in cross-border relationships."[46] Desjardins and Corriveau have applied for permission to reunite, but Immigration, Refugees, and Citizenship Canada have denied them three times. Meanwhile, Brewer and Ashmore have been able to reunite only on two occasions, even though they are an hour drive away from each other. As a result of the restrictions, Brewer has been forced to take a flight from St. John to Montréal, then from there to Boston, and then from Boston to Bar Harbor. Not only has this incurred a financial burden on the couple but the separation, according to Brewer, has "taken a mental toll" as well.[47]

More of these stories of separation have surfaced in the past year. People living in Houlton, Maine, and Woodstock, New Brunswick, for example, have lived a very different reality from that of most other residents in cities and towns across Canada and the US. For generations, even before roads and basic modern transportation infrastructure existed, people moved back and forth across the border carrying out their daily lives. Crossing the border one, two, or even three times a day has been life for many people. Such was the case of Melissa Trecartin, a Houlton resident who has a sister in Woodstock and a cousin in nearby Centreville, only two miles from the border with Maine.[48] Her weekly drive to visit family across the border and shop for butter and ketchup were truncated by the restrictions, transforming her life. She, like many others living in the border towns across Maine have been forced to separate from family and reduce their interaction to "FaceTime over the phone."[49]

Brenda Adams, born in Woodstock, married a US citizen and has lived in Houlton since the early 1970s, but most of her family lives on the Canadian side of the border. She had not been able to visit her 90-year old father since the restrictions were put in place. In May 2020, her father died.[50] Lori Bartell, a Canadian citizen living on Prince Edward Island, has not been able to see her husband who resides in northern Maine.[51] Before the restrictions, Bartell travelled every weekend to visit her husband, and in April 2020, she gave birth to their first child, without the company and support of her husband being there with her. What used to be a four-hour drive changed to a draining journey of 12 hours of flying to Boston through connections and then driving five hours north so that three-month old Luke could meet his father for the first time. Luke is now nine months old, and he has not seen his father since.[52]

These brief accounts of family separations are just a few examples of a broader humanitarian crisis that extends across the 49th parallel. It is not a Maine story; it is a binational story that engulfs families, businesses, and communities on both sides of the border. The social, cultural, and people-to-people interaction that represents the historical pillars of the bilateral relationship are now threatened. Bilateral trade data might show a more positive picture, diluting the social and local impact. Nevertheless, the social fiber constructed by the historical dynamics of the borderland region remains the linchpin between long-term bilateral political and trade objectives.

## Conclusion

Ultimately, in this current globalized and interconnected market system, Maine's economy will become more intertwined with global markets, more particularly with Canada and less so with the US. Nevertheless, the nation-centered decisions taken by both governments in early March 2020 to restrict the border to essential workers disregarded this trajectory.

COVID-19 has tested the resilience of our economic trading bloc, and as in the case of the European Union, has revealed that trading blocs are still fragile and vulnerable. In times of prosperity, the North American trade bloc has functioned effectively, but in times of crisis, as in the present pandemic, the member countries have recoiled back to their hard borders of the pre-globalization era. Nevertheless, the social, economic, ecological, and political interdependencies generated by the soft border experiment of the last thirty-plus years demonstrates that future management of crises must not only take into account national impacts but bilateral impacts as well.

**It is a fact that two-way trade between Canada and Maine increased in 2020, but it is also clear that border restrictions have taken a heavy toll on local Maine businesses.**[53] Considering that 58% of Maine's exports go to Canada and 62% of Maine's imported goods and services come from Canada, it is evident that policy decisions made in Canada have a direct impact on Maine's economy. This is a reality that must be taken into account in future scenarios of crisis such as this current pandemic.

Moreover, the human impact at the local level cannot be disregarded. People-to-people ties and the daily cultural exchange across the border is essential to the region's wellbeing and long-term sustainability. The success of the bilateral regional economy has, is, and will continue to rely on the local communities and businesses. Supply chains and corporations may come and go as they adjust to the rapidly changing dynamics of the global market system, but people and communities stay. Incorporating the analysis of the impact of foreign policy and international trade decisions on local borderland communities will be the next step in strengthening and consolidating economic blocs as we move forward in this century.

[45] *See, for example, www.faceofadvocacy.com.*

[46] *Alexander MacDougall, "It Took this Canadian Woman 3 Flights to See her Fiancé who Lives an Hour Away in Maine," Bangor Daily News, December 23, 2020, https://bangordailynews.com/2020/12/23/news/aroostook/separated-by-the-us-Canada–border-closure-couples-go-to-great-lengths-to-reunite/.*

[47] *Alexander MacDougall, "It Took this Canadian Woman 3 Flights to See her Fiancé who Lives an Hour Away in Maine."*

[48] *Alexander MacDougall, "US – Canada Border Closure Proves Challenging for Mainers," Bangor Daily News, May 6, 2020, https://bangordailynews.com/2020/05/06/news/aroostook/border-closures-between-maine-and-Canada–prove-challenging-for-some-mainers/.*

[49] *Alexander MacDougall, "US – Canada Border Closure Proves Challenging for Mainers."*

[50] *Alexander MacDougall, "US – Canada Border Closure Proves Challenging for Mainers."*

[51] *Lori Bartell to Dr. David Edward-Ooi Poon, interview, February 9, 2021, Faces for Advocacy, https://www.facesofadvocacy.com.*

[52] *Lori Bartell to Dr. David Edward-Ooi Poon.*

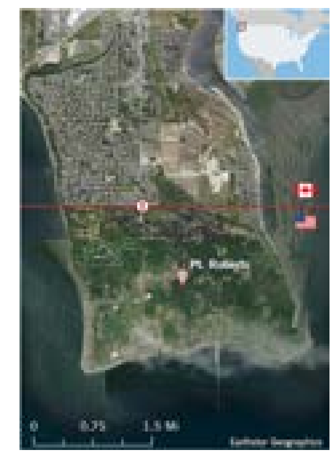
[53] *For example, the lumber industry remained unharmed and the bilateral dynamics of the lobster industry were not truncated by the restrictions.*

# DIVIDED BY THE BORDER

**In addition to quantifiable, border-wide metrics that display the impact of the restrictions on trade and travel flows, or the repercussions on otherwise integrated regions, there are ways that communities have been divided that are both uniquely place-specific and ubiquitous. This section seeks to capture both of those conditions, by drawing attention to isolated communities cut off by the border restrictions, as well as the immeasurable burden that separation has placed on families and loved ones divided by the border.**

## Isolated Communities

There are a handful of places that are uniquely isolated by the Canada–US border. These communities often face challenges posed by the fact that an international border sits in-between them and access to their home country. In the best of times, this may result in increased wait-times or delayed shipping. In the worst of times, such as a global pandemic and unprecedented border restrictions, this results not only in economic hardship, but also in significant social, educational, and emotional disruptions. This section explores four communities—Campobello Island, New Brunswick; Northwest Angle, Minnesota; Pt. Roberts, Washington; and Hyder, Alaska—all of which are geographically isolated from their home country.



### Pt. Roberts

Pt. Roberts is a small US community on the southernmost tip of the Tsawwassen peninsula, south of Vancouver, BC. In addition to a year-round population of under 1,500, Pt. Roberts is home to a number of seasonal Canadians who own 75% of properties there. It is accessible from the mainland US by private watercraft or by driving 25 miles through Canada. Onsite access to goods and services is limited, and Pt. Roberts residents rely on access to mainland Washington State for necessities of life, including school for grades 4 through 12. Due to its unique geographical position, Pt. Roberts is almost entirely dependent on the border for travel, shipping, tourism, utilities, and economic sustenance. Under the border restrictions, Pt. Roberts residents who want to access the US are limited to essential trip purposes only and have experienced inconsistent interpretations of what constitutes non-essential travel. Surveys conducted by BPRI demonstrate that many Pt. Roberts businesses are severely impacted by the lack of Canadian residents and visitors. Two-thirds of respondents reported that over 80% of their customers came from Canada and that Canadians are "extremely important" to day-to-day business operations. The communication and advocacy efforts of the local Cross-Border Task Force (see Cascadia Regional Analysis), resulted in a temporary ferry service that enables residents to travel to Bellingham, Washington twice per week. Efforts to designate Pt. Roberts as an integrated trans-border community have thus far been unsuccessful.

### Hyder

The Alaska community of Hyder is one of the most isolated communities in the US, relying nearly completely on their immediate Canadian neighbor, Stewart, BC. The only way in or out of Hyder by land is the road that crosses the border into Stewart. Hyder has experienced severe impacts from border closures; according to a recent news article, this small town of 65 residents gets most of its groceries, fuel, firewood, medical care, and other supplies in Stewart.[1] Because there is no school in Hyder, children attend school in Stewart and are used to crossing freely with only one piece of identification. Border restrictions implemented in March allowed residents only one three-hour trip, once a week. Restrictions were eased in November 2020 to allow for necessities and attending school, although not for recreation or socializing.[2] Residents of the communities could enter without observing the mandatory 14-day quarantine period. A recent CBC story added, "Before COVID-19, summer tourists flocked to see glaciers and bears, get 'Hyderized' ...and enjoy the rugged scenery of the remote coastal valley."[3] Further, the story quotes Stewart Mayor Gina McKay, "We are two communities, two countries, but we are essentially one. We always have been. We take care of each other."[4]

[1] *Jacob Resneck, "Neighbors in Hyder, Alaska and Stewart, BC Ask Canada to Ease Border Restrictions," CoastAlaska, September 18, 2020, https://www.alaskapublic.org/2020/09/18/neighbors-in-hyder-alaska-and-british-columbia-ask-Canada–to-ease-covid-19-border-restrictions/.*

[2] *Jacob Resneck, "Canada Relaxes COVID-19 Border Rules for Alaskans in Hyder."*

[3] *Betsy Trumpener, "How the Border Closure in March Cut Off the Only 19-Year-Old in Hyder, Alaska from his Friends," August 8, 2020, https://www.cbc.ca/news/canada/british-columbia/hyder-alaska-teen-friends-covid-border-1.5676052.*

# Isolated Communities

## Northwest Angle


Minnesota's Northwest Angle, the northernmost point in the contiguous US, is home to about 120 residents and a handful of fishing resorts, with Angle Inlet its only town. While approximately 80% of the Angle is the Lake of the Woods, of the available land, 70% is held in trust by the Red Lake Band of Chippewa. The area's economy is heavily dependent on the tourism industry. In 2019, nearly half of the jobs in Lake of the Woods County, where the Northwest Angle is located, were in the leisure and hospitality industry. One of the Angle's unique characteristics is that it is only accessible by land via a 40-mile drive through Manitoba, Canada involving two international border crossings. Not surprisingly, the border restrictions put in place last spring have had a devastating effect on the residents and business owners in the Northwest Angle, isolating them from the rest of the state and from the visitors on which they depend for their economy. Residents and resort owners have adapted by shuttling visitors across the enormous Lake of the Woods via a large speed boat with huge engines in summer and, in the winter months, building a 22-mile ice road across the lake. Access by air is also an option. These alternatives have allowed businesses to maintain a minimal level of operations during the increasingly challenging border restriction but have not stopped businesses from losing thousands of dollars in tourism revenue over the course of the past year. While the ice road in particular has garnered national media attention and has served as a tourist attraction, resort owners hope to return to normalcy as soon as possible, especially before the 2021 summer tourist season.

## Campobello Island


The Franklin Delano Roosevelt Bridge, opened in 1962, is an international bridge that has historically connected the community of Lubec, Maine, with Campobello Island in the Canadian province of New Brunswick. The dynamic flow of traffic across the international border is part of the daily life of residents and tourists on both sides of the border, as in every other borderland community across the Maine–New Brunswick and Maine–Québec borders. This daily routine of close to sixty years came to a halt in March of 2020 when the COVID-19 border restrictions were implemented. New Brunswick residents could not return to the mainland because they would first have to cross through Maine. The lives of extended families across the borderland region were interrupted, as was the local economy. Although a relatively small transborder region, the restriction on daily life has been felt across the 15-square-mile island and the 1,500 residents on both sides of the border. Moreover, it has impacted the businesses that heavily depend on this tourist spot, considering that in 2019 more than 10,000 visitors frequented the island and more particularly the Roosevelt Campobello International Park that is only opened to the public from May to October.

Last season, tourists to Campbello Island were forced to arrive by boat after disembarking from the train station in nearby Eastport on the Maine side of the border, which enabled limited access to the park's scenic trails.[5] This, of course, resulted in a loss of revenues and deterred the majority of visitors from coming at all, considering the difficult of the improvised (and temporary) solution. The

[4] *"Quarterly Census of Employment and Wages, 2019," US Bureau of Labor Statistics, accessed February 2020, https://www.bls.gov/cew/.*
[5] *Tom Walsh, "Lubec, Campobello Suffer from Border Closure," Island Institute, July 27, 2020.*



whale-watching industry was also severely impacted, along with the retail and hospitality industries. In addition, families have been separated and others forced to change their daily routines in order to adapt to the new realities at the international border. In 2021, restrictions were eased for Campobello residents, allowing them to return to New Brunswick from Campobello Island if they self-isolate for 14 days upon arrival. There is an added condition that residents of Campobello Island returning to the mainland do not stop in Maine, unless it is in Lubec, Maine "to obtain fuel, groceries or medical necessities and/or Machias, Maine, to obtain medical necessities."[6]

[6] *Hon. Hugh J. Flemming, "Renewed and Revised Mandatory Order: COVID-19," Government of New Brunswick, March 7, 2021, https://www2.gnb.ca/content/dam/gnb/Corporate/pdf/EmergencyUrgence19.pdf.*

While the overall purpose of this Border Barometer is to illustrate the impacts of the COVID-19 border restrictions in different cross-border regions, it is impossible to overlook the plight of families and loved ones who have been separated due to the restrictions. Some of these stories are heartbreaking, others uplifting. This brief section does not intend to do justice to these experiences, but rather draws attention to some of the challenges faced by those separated by the border, as well as highly organized efforts by groups in both Canada and the US to advocate for policies that enable reunification.

When the travel restrictions were enacted on the land and marine borders by Canada and the US in March 2020, there were no exceptions for family members or loved ones to visit one another. Some took advantage of the air 'loophole' to visit the US, but still faced a two-week quarantine upon return to Canada. At the land and marine border, visits to family, friends or a girlfriend, boyfriend or fiancé was treated by both Canada and the US as discretionary in nature and therefore non-essential.[1] However, the broad nature of what constituted a "non-essential" trip often disregarded the complexity of cross-border trip purposes. For example, if one's partner was about to give birth, or the importance of helping a loved one experiencing a mental health crisis. In addition, what constituted an 'essential trip' was inconsistent amongst officers and between ports-of-entry.

Faces of Advocacy, a Canadian-based grassroots organization, formed in early 2020 to address these family reunification issues by pushing for policy change on a national level. In one September survey of 1,200 of their members,[2] they found that 85% had been away from their loved one(s) for over four months. Regarding mental health, 16% of respondents had a history of self-harm and/or suicidal thoughts prior to the travel restrictions; a number that nearly doubled after the implementation of the restrictions. Most respondents (84%) stated that their mental health declines the longer they are separated from their family. These findings were presented to the Government of Canada, and prompted an official House of Commons petition. Faces of Advocacy was the driving force behind the compassionate and extended family exemptions implemented in Canada in October, which added to the existing immediate family exemptions that were implemented in June.[3] At the time of writing, they are currently seeking exemptions from the 14-day mandatory quarantine imposed by Canada's Quarantine Act, for those that are returning from family reunification trips.

The success of Faces of Advocacy has spawned four spin-off groups, one of which is the US-based Let Us Reunite.[4] Founded in October of 2020, Let Us Reunite is focused on lobbying the US government for the same compassionate and family exemptions that the Government of Canada has already passed.[5] Since the original announcement of the border restrictions, the US government has not made any changes to their definition of non-essential travel, which includes family visits (see Border Restrictions Timeline). The group has been contacting US officials, including the Biden-Harris Administration, in hopes that the government will reciprocate the same policies implemented by Canada. A webinar hosted by the Wilson Center in February 2021 captured the group's positive outlook: "With the new [Biden-Harris] Administration, there is a renewed hope, a renewed energy, that we can actually get movement on this issue that we maybe didn't have in October."

These volunteer-run organizations underscore the deep cross-border ties shared by friends, loved ones, and families, as well as the impacts they have faced since the border restrictions were enacted. One such story is below:

*Donna McCall is a Canadian woman who fell in love with an American man, John McCall. They married in Ontario on April 23rd, 1983. They have two adult children, both born in the US She is an ICU nurse who taught the values of compassion and care to future medical professionals at multiple Ontario hospitals, and loved, and was loved by, her family. Donna was diagnosed with liver failure early in 2020, just as the COVID-19 travel restrictions were put into place. As her condition worsened, the McCall family pleaded with the Canadian government for a compassionate exemption to enter Canada. Despite clear paperwork and birth certificates showing the McCall children having Canadian birthright to enter Canada, they were not allowed entry until IRCC could process their right to citizenship. Donna died on August 10th, 2020. She said goodbye to her children on Facetime.*

*[1] "Travel Restrictions Still in Place at International Border Crossings for the Upcoming Long Weekend," Canadian Border Services, April 8, 2020, https://www.canada.ca/en/border-services-agency/news/2020/04/travel-restrictions-still-in-place-at-international-border-crossings-for-the-upcoming-long-weekend.html.*

*[2] Please contact Dr. David Edward-Ooi Poon at poon@facesofadvocacy.com to read Faces of Advocacy's Mental Health Index Report.*

*[3] Dr. David Edward-Ooi Poon and Jordana Strosberg, personal communication, February 9, 2021.*

*[4] Dr. David Edward-Ooi Poon and Jordana Strosberg, personal communication, February 9, 2021.*

*[5] Devon Weber and Cary Whaley, interview, Barred at the Border: Compassionate Policy Options for Safe Family Reunification, Wilson Center, February 8, 2021, hosted by Christopher Sands, https://www.wilsoncenter.org/event/barred-border-compassionate-policy-options-safe-family-reunification.*



Separation of Families & Friends

# SUBNATIONAL COLLABORATION

## Subnational Collaboration

The Canada–US relationship is characterized by a broad array of cross-border institutions, networks, and linkages at the federal scale. These collaborations encompass not only security and trade, but also social, cultural, and environmental issues. Some of these are more than a century old, such as the 1909 Boundary Waters Treaty that established the International Joint Commission. The majority, however, emerged as the direct or indirect result of a series of free trade agreements negotiated by Canada and the US over the past sixty years, including the 1965 Automotive Products Trade Agreement; the 1988 Canada–US Free Trade Agreement; the North American Free Trade Agreement; and the recently-signed United States-Mexico-Canada Agreement.

Despite the presence of these connections, observers of Canada–US relations agree that much of the relationship is managed outside of Ottawa and Washington, DC. Indeed, the Canada–US relationship has long been defined by subnational organizations and networks. It is these subnational collaborations that manage the day-to-day affairs of the relationship—particularly when there is tension between the Government of Canada and a US Administration. Like their federal counterparts, these linkages encompass social, economic, environmental, and cultural areas. Unlike their federal counterparts, subnational collaborations are characterized by participation of local, regional, state, and provincial stakeholders from the public, private, nonprofit, and academic sectors.

In looking at subnational organizations and networks that have a focus on the northern border, two insights emerge. First, stakeholders in each of the eight regions engage in subnational cross-border collaboration related to the border. Organizations and networks in each region vary with respect to scale. Some regions have collaborations primarily at the metropolitan scale, such as Buffalo-Niagara and Detroit-Windsor, whereas collaborations in other regions primarily take place at the state-provincial scale, such as Alaska, Plains-Mountain West, Upper Midwest, Eastern New York-Vermont-Montréal, and Maine-Québec-New Brunswick. Other regions, such as Cascadia, encompass both state-provincial and metropolitan level entities.

At first glance, the number of organizations and networks in regions such as Detroit-Windsor and Buffalo-Niagara would suggest that these regions have a strong capacity for cross-border engagement with respect to the border. This is not necessarily the case. The strength of these organizations and networks varies, depending on a culture of collaboration, the existence of personal relationships, a political champion, and organizational capacity (i.e., staff and monetary resources).[1] According to these criteria, although Cascadia has fewer organizations and networks compared to other regions, it is home to the strongest. This region has at least four formally organized organizations or networks, including the Border Policy Research Institute, the Pacific Northwest Economic Region, the Cascadia Innovation Corridor, and the Whatcom Unified Command Cross-Border Task Force.

Strategically leveraging subnational, cross-border collaborations have long been an approach of the Government of Canada. This has become all the more important as Canada and the US move forward with a post-pandemic economic recovery strategy. Just as cross-border stakeholders should be ready to act on opportunities for collaborating on initiatives that present joint gains to Canadian and American stakeholders, the Government of Canada should be ready to strategically identify partners at the subnational scale, assess common interests, and collaborate with these partners to achieve joint goals.

*[1] Border Policy Research Institute, "Regional Cross-Border Collaboration Between the US & Canada," Border Policy Research Institute Publications, no. 113 (2018), https://cedar.wwu.edu/bpri_publications/113; Debora VanNijnatten, Carolyn John, Kathryn Bryk Friedman and Gail Krantzberg, "Assessing Transboundary governance Capacity in the Great Lakes Basin: The Role of Institutions and Networks," International Journal of Water Governance, no. 1 (2016): 7, doi: 10.7564/14-IJWG78; Kathryn Bryk Friedman and Kathryn A. Foster, "Environmental Collaboration: Lessons Learned About Cross-Boundary Organizations," IBM Center for the Business of Government Collaborating Across Boundaries Series, 2011, http://www.businessofgovernment.org/sites/default/files/Environmental%20Collaboration.pdf.*

Subnational Collaboration

| Subnational Organizations and Networks with Border Portfolio | | | | | | Gray: More Than 10 Years | Blue: Between 5-10 Years | Red: Less Than 5 Years |
|---|---|---|---|---|---|---|---|---|
| **Multiregional** | Pacific Northwest Economic Region (PNWER) | Can-Am Border Trade Alliance (BTA) | Canadian American Business Council | North American Strategy for Competitiveness (NASCO) | Eastern Border Transportation Coalition (EBTC) | Woodrow Wilson Center (Canada Institute) | Council of the Great Lakes Region (CGLR) | Future Borders Coalition |
| **Alaska** | Encompassed by PNWER | | | | | | | |
| **Cascadia** | Border Policy Research Institute | PNWER | International Trade and Mobility Corridor | Joint Transportation Executive Committee | Cascadia Innovation Corridor | Whatcom Unified Command Cross-Border Task Force | | |
| **Plains-Mountain West** | Encompassed by PNWER | | | | | | | |
| **Upper Midwest** | Encompassed by CGLR | | | | | | | |
| **Detroit-Windsor** | Cross-Border Institute | Canada–US Business Association | International Authority of the Windsor-Detroit Bridge Authority | Windsor-Detroit Tunnel | Institute for Border Logistics and Security | Encompassed by CGLR | WindsorEssex EDC (WE EDC) - COVID-19 Task Force | WE EDC - Detroit Mobility Lab Partnership |
| **Buffalo-Niagara** | Peace Bridge Authority | Niagara Falls Bridge Commission | Niagara International Transportation Technology Coalition (NITTEC) | World Trade Center Buffalo Niagara | Niagara Tourism Institute | Brock-U Buffalo Binational Prosperity Initiative | Encompassed by CGLR | |
| **Eastern New York - Vermont -Montréal** | Encompassed by EBTC | Quebec-New York Corridor | Vermont-Québec Aerospace Corridor | Vermont-Québec Enterprise Initiative | | | | |
| **Maine - New Brunswick - Québec** | Encompassed by EBTC | Maine International Trade Center | | | | | | |

# CONCLUSION

It has been nearly twenty years since the terrorist attacks of September 11, 2001, which mark the last time that Canada and the US faced such consequential challenges to border policy. This edition of the Border Barometer highlights several key themes related to the impacts of the COVID-19 pandemic and border restrictions. First, **each region continues to have a strong and important relationship with its northern neighbor, with trade serving as a major influence on state and regional economies.** Allowing merchandise trade and trucks to continue to cross the border unabated has worked.

Although goods are moving well, people are not. At first blush restricting people flows makes sense, as these measures are intended to mitigate the spread of the COVID-19 virus. Yet the non-essential border restrictions have had a devastating economic and social impact on cross-border communities on the US side of the border (and likely on their Canadian counterparts on the other side). The tourism, visitor (shopping), recreation, sports and entertainment industries in each region have been decimated, with steep losses in employment, wages and sales tax revenues, among other economic impacts. Businesses that are part of closely integrated cross-border supply chains in the Detroit River Crossing region have been negatively impacted, as have businesses in other regions that rely on face-to-face negotiation and relationship-building. Moreover, deep social connections have been severed, with stories from each region that tell of the toll that the border restrictions have had on family and friends. Although research into the mental health implications of pandemic-related social isolation is in its infancy, researchers predict that the costs will be felt for years to come.

**Second, the depth and breadth of subnational cross-border networks is vast.** These encompass both social and economic connections and play a pivotal role in the daily lives of stakeholders in cross-border regions. Nonetheless, there is variation among the regions in terms of subnational network strength and influence. Cascadia leads as the region with the strongest cross-border state-provincial and regional networks. This no doubt is due to the fact that Cascadia has a strong culture of cross-border collaboration, as well as capacity, i.e., formally established organizations, people whose "day job" it is to work on the border and dedicated monetary resources. Given this culture and capacity, it should come as no surprise that the COVID-19 pandemic strengthened collaboration in the high technology and biotechnology sectors in Cascadia to problem solve together on pandemic-related challenges. University-based research centers, such as the Border Policy Research Institute at Western Washington University, Cross-Border Institute at the University of Windsor and the Bureau of Business and Economic Research and the University of Minnesota-Duluth also serve as important "glue" and add to capacity in their respective regions. Regions without these kinds of capacity will continue to address border policy challenges in an ad hoc and piecemeal fashion. This may be acceptable in the best of times, when social and economic ties across the border can grow organically. However, **in the worst of times (like a global pandemic), having structured and intentional working relationships across the border can support resiliency and faster recovery.**

These findings, coupled with the significance of the border to the economies of Canada and the US, suggest that Canadian and US policymakers must take into account security, trade – and now, public health – when it comes to crafting smart border policy. Policymakers must get the border right to strongly position both countries for success in years to come. **These findings also suggest that crafting better border policy will require good data and ideas informed by stakeholders in cross-border communities who are experiencing first-hand the impacts of the border restrictions.** As laboratories of cooperation and cross-border economic development, it is stakeholders in these regions – and their voices – that should guide the next iteration of Canada–US border policy.

# APPENDICES

*Appendix A. Regional Impacts of the Border Restrictions and COVID-19, Apr-Dec 2019 vs. Apr-Dec 2020*

| Region | Change in Key Metrics | | | |
|---|---|---|---|---|
| | Number of Travelers | Number of Trucks | State Bilateral Trade Value w/ Canada (USD) | State GDP (millions of USD) |
| **Alaska** | -568,290 | -830 | -$337,249,948 | -$15,282 |
| **Cascadia (Washington State)** | -8,528,964 | -27,370 | -$2,640,021,691 | -$1,956 |
| **Plains-Mountain West (Idaho, Montana, North Dakota)** | -2,448,815 | -31,413 | -$2,846,006,080 | -$22,181 |
| **Upper Midwest (Minnesota)** | -1,159,335 | -1,151 | -$1,771,147,714 | -$43,967 |
| **Detroit-Windsor (Michigan)** | -7,899,844 | -238,414 | -$15,284,934,435 | -$89,242 |
| **Buffalo-Niagara (New York)** | -9,170,939 | -64,651 | -$3,196,158,887 | -$324,913 |
| **Eastern NY-VT-Montréal (Vermont)** | -4,227,921 | -25,281 | -$520,005,830 | -$5,073 |
| **Maine-Québec-New Brunswick (Maine)** | -2,526,906 | -18,056 | -$352,780,589 | -$7,741 |
| **Total** | -36,531,014 | -407,166 | -$26,948,305,174 | -$510,356 |

*Sources: US Bureau of Transportation Statistics; USA Trade, US Census Bureau; US Bureau of Economic Analysis*

*Appendix B. Regions as Measured by Share of Key Metrics, 2019*

| Region | Regional Percentage of Total | | | |
|---|---|---|---|---|
| | % of All Land Travelers | % of All Trucks | % of All Canada–US Bilateral Trade | % of US GDP |
| **Alaska** | 1% | 0.2% | 0.2% | 0.3% |
| **Cascadia (Washington State)** | 20% | 10% | 4% | 3% |
| **Plains-Mountain West (Idaho, Montana, North Dakota)** | 6% | 11% | 2% | 1% |
| **Upper Midwest (Minnesota)** | 3% | 1% | 2% | 2% |
| **Detroit-Windsor (Michigan)** | 20% | 41% | 11% | 3% |
| **Buffalo-Niagara (New York)** | 21% | 16% | 5% | 8% |
| **Eastern NY-VT-Montréal (Vermont)** | 10% | 9% | 1% | 0.2% |
| **Maine-Québec-New Brunswick (Maine)** | 6% | 5% | 1% | 0.3% |
| **Total** | 87% | 93% | 27% | 17% |

*Sources: US Bureau of Transportation Statistics; USA Trade, US Census Bureau; US Bureau of Economic Analysis*

# BORDER BAROMETER

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